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IN

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IN

POLITICAL ECONOMY

WITH REFERENCES TO

ADAM SMITH, RICARDO, JOHN STUART MILL, FAWCETT,
J. E. THOROLD ROGERS, BONAMY PRICE, SENIOR,
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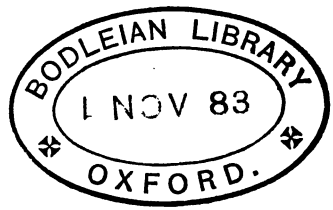
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PREFACE.

THE questions inserted in this volume have been for the most part actually set in the examinations of various Universities, and whilst references to standard authors have been thought sufficient in the majority of cases, hints for the answer have been given in some of greater complexity, and a few of special difficulty on which the greatest authorities exhibit differences of opinion, have been furnished with parallel columns of arguments *pro* and *con.*

No attempt has been made to distinguish between 'Pass' and 'Honour' questions, for in such a subject as Political Economy the knowledge expected from the candidate for a Pass, and the candidate for Honours, differs not so much in nature, as in completeness.

The important questions, 'Is Political Economy a Science?' and 'Is Political Economy Selfish?' being of great weight and difficulty, are made the subjects of appendices wherein the student will find the opinions of the greatest authorities duly set forth.

The order of the book, and the subjects of the chapters, correspond with those of Professor Henry

Fawcett's 'Manual,' which is quoted according to the paging of the fifth edition, with the exception of some few cases when the subject extending over a considerable space, the quotation is by 'book' and 'chapter.'

Adam Smith is usually quoted by the paging of the edition published at the Clarendon Press, edited by J. E. T. Rogers, but occasionally by 'book' and 'chapter.'

Mill is quoted by 'book,' 'chapter,' and 'section.'

In the case of the other authorities, the mode of quotation will be sufficiently obvious to anyone who consults their works.

In conclusion, my best thanks are due to Professor Bonamy Price for his inspection of the proof sheets, and for several valuable remarks and suggestions.

W. P. E.

CHRIST CHURCH : *November* 1879.

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NOTE.

The abbreviation 'A. A. S.' refers to the Analysis of Adam Smith's 'Wealth,' edited by W. P. Emerton and published in 1877.

QUESTIONS AND EXERCISES

IN

POLITICAL ECONOMY.

BOOK I.

PRODUCTION OF WEALTH.

CHAPTER I.

INTRODUCTORY.

1. Define Political Economy, and state in detail what subjects it should include.

'Political Economy is the science which is concerned with the production, the distribution, and the exchange of wealth.'—*Fawcett*, i. 1.

J. S. Mill proposes as a rough definition: 'The science which treats of the production and distribution of wealth so far as they depend upon the laws of human nature;' or, as a complete definition: 'The science which traces the laws of such of the phenomena of society as arise from the combined operations of mankind for the production of wealth, in so far as those phenomena are not modified by the pursuit of any other object.'—*J. S. Mill*, Essays on some Unsettled Questions in Political Economy, 2nd edit, 133, 140. (J. S. Mill thus regards Political Economy as a branch of the science of Speculative Politics.)

'Political Economy is the science which treats of the nature, the production, and the distribution of wealth.'—*Nassau Senior*, Political Economy, 1.

'The science of the laws which regulate the production, accu-

mulation, distribution, and consumption of those articles or products that are necessarily useful or agreeable to man, and possess exchangeable value.'—*M'Culloch*, Principles of Political Economy, 1.

'The science of those forces which set labour in motion, in so far as that labour is employed on objects which thereby acquire a value in exchange.'—Anonymous, approved by *Rogers* in his edition of 'Wealth of Nations,' vol. ii. 1, note.

'Political Economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; 1st, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and, 2ndly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign.'—*Adam Smith*, Wealth of Nations, iv. 1 (Int.).

'A science of which the principal object is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance that may render it precarious, and to provide everything necessary for supplying the wants of the society.'—*Sir J. Steuart*, i. 2.

'Political Economy is the science of the natural laws which determine the prosperity of nations—that is to say, their wealth and their civilisation.'—*Storch*, i. 21.

'The science which has for its object the physical welfare of man, so far as it can be the work of government.'—*Sismondi*, Nouveaux Principes d'Economie Politique, i. 2.

'Political Economy is the economy of society; a science combining the results of our observations on the nature and functions of the different parts of the social body.'—*Say*, Cours Complet, i. 1, 2.

2. Define 'Wealth' in its economical meaning.

F. 6. A. S. 30. M. 1. B. P. 8. N. S. 6. See also *Bastiat* (Harmonies of Political Economy, 153) for the mode in which the end to be attained has often been confounded with the obstacle to its attainment.

N.B.—According to B. P., unless we admit a warm sun, a tidal river like the Thames, and a good supply of rain to be parts of a nation's wealth, our definition becomes artificial.

3. Why are some articles of the highest utility excluded from the scope of any such definition?

Cor. If everyone had a 'wishing cap,' there would be no such thing as wealth, though there would be riches according to A. S. See Ricardo, chap. xx. In this sense wealth may be increased by diminishing the quantity of commodities. Not so riches.

(In the opinion of B. P. this amounts to a *reductio ad absurdum* of the distinction).

4. What was the Mercantile Theory? Can any relics of its influence be detected in the language of Adam Smith?

A. S. iv. 1, 1 seq. F. 8. Twiss, 28, 51. Shadwell, 10.

5. Sir James Steuart says, in his 'Inquiry into the Principles of Political Economy,' 'That when a nation which has enriched itself by a reciprocal commerce in manufactures with other nations finds the balance of trade turn against her, it is her interest to put a stop to it altogether.' Explain the meaning of this assertion, show it to be false, and state any facts or arguments which tend to explain the wide-spread belief in its truth which once prevailed.

F. 8. A. S. iv. 1.

6. Charles the Fifth called the Portuguese the common enemies of Christendom, because they exported coin to the infidel to pay for commodities, while the Spaniards expended their labour in order to import bullion. Show wherein his mistake consisted?

A. S. iv. 1. 12. B. P. 375.

7. Illustrate the effects of the Mercantile System.

Twiss, 57, 64. A. S. vol. ii. 213, 257, 478.

8. What functions of money and of government led to the confusion of the former with wealth? Distinguish carefully between 'Measure of Value' and 'Medium of Exchange.'

M. iii. 7. 2–3. A. S. vol. i. 287 sqq. F. iii. 5, 351.

CHAPTERS II. AND III.

ON THE REQUISITES OF PRODUCTION AND LABOUR AS ITS AGENT.

1. What is meant by the expression, 'Requisites of Production'? Does the division into capital, labour, and brain-power exhaust the elements of economic production?

M. i. 1. 1. N. S. 50, 57. F. 12.

2. Define Labour.

(1) N. S. 57. (2) M. i. 1. 1.

1. The voluntary exertion of the bodily or mental faculties for the purpose of production.

3. How far is it correct to say, according to a current phrase, 'The workman's labour is his capital'?

4. Define 'productive' and 'unproductive' labour, and examine the grounds of the distinction.

A. S. ii. 3. F. 15. M. i. 3; and 3rd Essay on Unsettled Questions in Political Economy. B. P. iv. 96 seq. N. S. 50. M'Leod, Principles of Economy, ii. 64.

5. Show the inconsistency of the distinction drawn by Adam Smith between 'productive' and 'unproductive' labour; with his position in respect of the 'division of labour.'

Compare A. S. i. 1–2; and iv. 1. 280 (vol. ii.) with ii. 3.

E.g. For the labourer to attempt to 'be his own policeman' would cost him in loss of time, &c., far more than he now pays as his contribution towards the maintenance of a police force.

6. Explain the proposed division of productive labour into 'directly' and 'indirectly' productive. What difficulties does the distinction involve?

F. 13–14.

The chief difficulty is the question of boundary between the two, and also between 'indirectly productive' and 'unproductive.'

7. Is the distinction between productive and unproductive consumption coincident with that between the consumption of the productive and that of the unproductive labourer?

F. 16. M. i. 3. 5. N. S. 55.

CHAPTER IV.

OF CAPITAL.

1. Define Capital.

'The sum of the wealth existing in any shape or form which has been set aside with the object of being devoted to assist future production.'—*Fawcett*, 18.

'That part of a man's stock which he expects to afford him a revenue.'—*A. S.* ii. 1. 275.

'An article of wealth, the result of human exertion, employed in the production or distribution of wealth.'—*Nassau Senior*, 60.

'The original meaning is: "A sum lent on which interest is paid, and which is therefore contrasted with interest." Hence, secondly, "The source of profit," distinguished into (*a*) the aggregate saving of a community, (*b*) the stock which each individual possesses and which he offers for sale or exchange.'—*Rogers*, vi. 54.

'Wealth used for the purpose of producing fresh wealth, and for that purpose only.'—*Bonamy Price*, 103.

'The aggregate of those commodities which are required for sustaining labourers of every kind or class engaged in work.'—*Jevons*, Theory of Political Economy, 214.

'That part of the wealth of a country which is employed in production; consisting of food, clothing, tools, raw materials, ma-

chinery, &c., necessary to give effect to labour.'—*Ricardo*, Principles of Political Economy, 89, 3rd edit.

'That portion of the material possessions of a country which is destined to be employed with a view to profit.'—*Malthus*, Principles, 293.

'That portion of the produce of industry which can be made directly available to support human existence or to facilitate production.'—*M'Culloch*, Principles, 92.

'Something produced for the purpose of being employed as the means towards a further production.'—*James Mill*, Elements, 19, 3rd edit.

'Those things on which labour has been bestowed, and which are destined, not for the immediate supply of our wants, but to aid us in obtaining other articles of utility.'—*Torrens*, Production of Wealth, 5.

2. Reconcile the propositions, 'Capital is the result of saving' and 'Whatever is saved is consumed.'

Compare M. i. 5. 4 with M. i. 5. 5. F. 30.

3. Explain the proposition that 'A demand for commodities is not a demand for labour.' It has been said that if this proposition is correct, the purchaser of 50*l.* worth of lace does no more good to the labourers than would be done if the purchaser wantonly destroyed the property which has been sold in order to purchase the lace. Does this assertion appear to you to be well founded?

F. 21, 25. M. i. 5. 9. B. P. regards the distinction between the 'demands' as resting on no sound foundation.

4. With reference to Mr. Mill's proposition that 'A demand for commodities is not a demand for labour,' it has been observed that 'The demand for commodities which could be got without labour would certainly be no demand for labour, but the demand for commodities which can only be got by labour is as much a demand for labour as a demand for beef is a demand for bullocks.'

Examine how far this comment is really at variance with Mr. Mill's proposition.

For a severe criticism of Mill in this matter see *Lancelot Shadwell*, Political Economy, 55.

According to *Bastiat* (Harmonies of Political Economy, ii. 16), as the consumer in reality settles what shall be produced, he is responsible if he give a wrong direction to the industry of the world. Hence Bastiat asserts the folly of those who blame England for the opium traffic.

5. Examine the doctrine contained in the following passage: 'The rich (it is said) can increase the wage fund by reducing their personal expenditure, and applying to the purchase of labour the money which they would otherwise spend in the purchase of the products of labour, a process very analogous to that of lengthening a stick by cutting off from the top that portion which is to be added to the bottom.'

F. 22. M. i. 5. 9.

6. What is meant by the expression 'A glut of capital'? Is such an occurrence possible? If it be possible, to what classes of society would it be injurious?

F. 28, 473. B. P. 122. M. i. 5, 3; iii. 14, 1–4.

Of course, it is quite possible that there may be a 'glut' of capital in the opinion of those who live on profits, but hardly in the opinion of those who live on wages.

7. Is income spent in articles of luxury as beneficial to the poor is if it had been given in charity?

Note, that if it be given in charity the recipient has his time to himself; but, on the other hand, is very likely to become idle and worthless.

8. Explain and point out the connexion (if there be any) between the following observed phenomena, viz. (1) The rapidity with which public disasters, such as

hurricanes, floods, or the ravages of an invading army, are repaired; (2) The distress produced by shocks to commercial confidence or credit, though attended with little or no destruction of material wealth.

See for (1) F. 31. M. i. 5, 7.
(2) B. P. 466, seq.

9. What is the effect (immediate and remote) upon wages of a war carried on by means of taxation? How will the result differ if the war is carried on by means of loans?

M. i. 5, 8. F. 36, seq.

Shadwell, 49, 50, denies the possibility of any tax being paid otherwise than out of capital, and looks on Ricardo's distinction as chimerical.

10. What would be the probable effects upon England of the extinction of the national debt, supposing it to have been (1) paid off gradually, or (2) paid off suddenly, or (3) cancelled suddenly without payment or compensation to the nation's creditors?

As to (1) see M. v. 7, 3. R. 318.
(2) see M. v. 7, 2.

(3) Such a breach of public faith would cause a general panic; everyone would wish to possess gold, the most saleable of articles, which would mean a run on every bank, and this would probably involve the failure of the Bank of England, and of every other bank in the country, which would mean general bankruptcy.

11. Compare the effect of Napoleon's wars on the economical condition of England and France. Contrast foreign with domestic war in this respect.

M. i. 5, 8, note.

As to comparative effect of civil war, see A. S. vol. i. 348, note (2), *Rogers*.

For difference between effect of civil war and mere internal turbulence, see M. v. 8, 1, and i. 7, 6.

12. Discuss the position that a national debt is no burden, because it is simply so much capital which the nation owes to itself; and estimate the political and social effects on England (at the present time) of the existence of a national debt.

Note, (1) The great inconvenience caused by the taxation necessary that the interest may be paid.

(2) The facility given for small, safe investments, and consequent interest of a large class in the stability of the government.

(3) The original waste of capital (or that which might have been capital) without return.

13. Discuss the policy of executing useful public works by means of loans raised by the Government.

F. 35 and 224. M. v. II. 16, and v. II. 11. A. S. vol. ii. 340, 403.

14. According to the principles of Political Economy, which are the most desirable ways in which money should be (1) saved; (2) invested?

15. What have been the distinctions drawn by different writers between fixed and circulating capital? Which of them is based upon the most important practical difference?

Adam Smith, ii. 1, 276, seq., makes the distinction turn on the question whether the capital can or cannot yield a profit whilst it retains the same master or the same shape.

Ricardo, chap. 1, sect. 4, makes the distinction to consist in the slowness or rapidity of the consumption of the articles composing the capital.

Nassau Senior remarks that this, as compared with the former (Adam Smith), is a cross division, for the master tailor's needles, which Adam Smith selects as an example of fixed capital because the tailor retains them, would according to Ricardo be circulating, because they are perishable. On the other hand, the materials and stock in trade of an ironfounder would be circulating capital according to Smith, and fixed according to Ricardo. (N. S., 63.)

Fawcett, 41, 42, draws the line of demarcation between capital which is, and capital which is not destroyed by a single use.

J. S. Mill, i. 6, 1, combines the distinction drawn by Adam Smith with that drawn by Fawcett.

Donisthorpe, 78, objects to the views of Mill and Fawcett as being too vague, it being impossible in many cases to ascertain whether an article serves one use or many, and proposes to place under circulating capital those articles that are essentially consumed, and under fixed capital those articles that are accidentally consumed by use (i.e. those whose consumption is necessary for the required product, and those in which it is an accident)—e.g. wick and oil, tools and materials.

See also *M'Leod*, Economics for Beginners, 48.

Qy.—Is it possible for a thing to be a portion of fixed capital and yet not consumed by use?—e.g. a marble statue used by the master of a drawing-school as a model for his pupils.

16. Capital being defined to be that portion of wealth which is appropriated to reproductive employment, what are the three forms one or other of which it assumes?

M. i. 4. 1. For disastrous effects of excessive creation of fixed capital, see B. P. 118; and Contemporary Review, May 1879.

17. Can the finished product be justly reckoned as a fourth form of capital? Explain in what cases, if any, and how, it may be so regarded.

M. i. 4. 1. A. S. vol. i. 280.

18. What is the real, not the popular distinction between fixed capital and floating or circulating capital? Illustrate the distinction by examples. Can the same article be to one person floating and to another fixed capital? e.g., a plough. According to Adam Smith, circulating to the agricultural instrument maker; fixed to the farmer.

See also *M'Leod*, Economics for Beginners, 48.

19. Show in what way the division of the gross produce of an industrial operation between the labourers

and their employers is affected by the extent to which the operation involves the use of fixed capital and by the interval of time between the outlay and the returns.

Vide supra and also *M'Leod*, Economics for Beginners, 109. N. S. 203.

20. Explain the effects which the introduction of machinery may have upon wages and profits, distinguishing carefully between temporary and permanent effects and also between the effect produced on wages and profits in the particular trade into which the machinery is introduced, and the general rate of wages and profits throughout the country. Give an illustration.

F. 43–44. M. i. 6. 2–3. N. S. 162–168. B. P. 117–122.

21. Mr. Senior says in his 'Political Economy' that he does not believe 'that there exists upon record a single instance in which the whole annual produce (of wages paying commodities) has been diminished by the production of inanimate machinery.' Explain the *à priori* grounds of such an opinion and examine its accuracy in point of fact.

N. S. 164. M. i. 6. 3. B. P. 118. See also *Shadwell*, Pol. Econ. 141, and 53.

CHAPTER V.

ON THE PRODUCTIVE POWER OF THE THREE REQUISITES OF PRODUCTION.

1. Distinguish between the terms 'Fertility' and 'Productiveness' as applied to land.

F. 48. A. A. S. p. 42, n. 2. M. i. 12, 2, 3. *Hearn*, Plutology, cap. vi. A good example of the difference has been afforded by the colony of Victoria, in which the richest lands were for the most part covered with gigantic Eucalypti. The gold mines of the

same colony furnish an analogous case. Among the miners 'a good poor man's diggings' denotes an alluvial surface deposit of gold requiring only simple tools and manual labour for its acquisition. On the other hand, to work intractable quartz, or to make a deep excavation requires a large capital.

2. Examine Adam Smith's account of the advantages accruing from the division of labour; and explain under what broader principle the 'Division of Labour' may itself be ranged.

A. S. i. 1. and Rogers' note. Also *Gibbon Wakefield's* edition of Adam Smith, 6. The division of labour is a particular department of the Combination of Labour. M. i. 8. 1. F. 59. For imperfections of Adam Smith's account, see M. i. 8. 5. F. 54. A. A. S. 3. For defence of A. S. see Shadwell, P. E. 352, 150. See also *M'Leod's* Prin. of Econ. ii. 153, seq. Hearn, 212, Longfield, 99.

3. What is meant by the principle of the 'Classification of Labourers'; to whom is the discovery due, and what arguments can be advanced for and against the views of Babbage on the subject?

See *Babbage*, Economy of Manufactures, 137. Gioja, tom. i. cap. 4. M. i. 8. 5. F. 57. For a severe criticism of Babbage's views, see *Lancelot Shadwell* on Political Economy, 35 and 150.

4. How does the division of labour increase national wealth, and in what ways is that division necessarily limited?

F. 58. M. i. 8, 6. A. S. i. 3. N.S. 73, seq. R. 12, seq.

Note.—If in pinmaking there were only one man employed in making points one would not be enough and two would be too many to make heads. The proper proportion would be four to points and five to heads, and that would require a market in which 180,000,000 could be annually sold. As there are several other branches of the trade, we must express in whole numbers prime to each other the proportion of men required in one branch to those required in each of the others, and then the least common multiple

of all the antecedents will give the number of men who must be employed in that branch so as to prevent any waste.—See *Hearn*, Plutology, 290; and *Longfield*, Lectures on Pol. Econ. 103.

5. Explain the reasons which enable the division of labour to be carried farther in some arts than in others. Compare the differences between the richer and poorer nations in respect to their agriculture, and in respect to their manufactures.

See authorities quoted under Question 4, and also A. A. S. 2, note 2.

6. Discuss the validity of the objection to the division of labour, that it 'degrades man into a machine.'

M'Leod, Principles of Economy, ii. 175. *Hearn*, Plutology, x.

Note.—A broad distinction must be drawn between occupations which absorb the whole attention, and those which being all but mechanical leave the higher faculties completely free. According to Mrs. Gaskell, 'mill hands in Manchester often study Newton's Principia'; and Livingstone, in the brief autobiography prefixed to his 'Missionary Travels in South Africa' (1858), states that he learned and read the chief writers in Latin under similar circumstances. If there be no division of labour, almost any occupation on which a man is engaged will, owing to his comparative awkwardness, require all his thoughts.

7. What are the principal causes on which the productiveness of labour depends? (This is a general question.)

F. capp. 2 and 5. M. i. 7.

8. Distinguish between simple and complex co-operation of labour, and point out the conditions upon which the latter depends.

F. 60. M. i. 8. 1. Wakefield's edition of A. S. i. 26 (note). As to necessary conditions, F. 63.

9. Describe the Wakefield system of Colonisation, and give the arguments that have been advanced for and against it.

F. 61. M. i. 8. 2–3, and v. 11. 12. See also Wakefield's own work, 'Art of Colonisation.' Lancelot Shadwell (Pol. Econ. 32 and 49) severely criticises the Wakefield system of colonisation, and also at page 481 seq. See also the objections to that system set forth by Macculloch in his edition of the 'Wealth of Nations' (Note xxiii.)

CHAPTER VI.

PRODUCTION ON A LARGE AND ON A SMALL SCALE.

1. Estimate the comparative advantages of production on a large and on a small scale. What circumstances must always place a limit on the scale of operations?

F. 65, seq. M. i. 9.

'Sometimes a manufacturer extends his factory *because* he is in difficulty, trying to reduce the comparative amount of "establishment charges" by extending production over a larger area.'—*Chadwick*, Journal of Statistical Society, 1865.

2. What are the advantages and drawbacks of the management of business by joint-stock companies and by individuals respectively? In what departments have the former appeared to the greatest advantage?

F. 67. M. i. 9. 2; and also for further observations on Partnership, v. 9. 5–7. A. S. vol. ii. 315 seq. for general answer to question; and p. 340 with note for A. S. and Rogers's views as to latter part thereof.

The departments in which the joint-stock companies have appeared to the greatest advantage may be brought under three heads:—

1. Those in which the business is reducible to a regular routine, *e.g.* banking, insurance, &c.

2. Those in which joint-stock companies have a sort of 'natural monopoly,' the capital required being too great for the resources of single individuals, *e.g.* railways, &c.

3. Those in which the joint-stock company possesses some collateral advantage so great as to more than counterbalance the

necessary disadvantage arising from the inferior interest taken by the manager in the result; *e.g.* co-operative stores. These establishments begin business with a large number of customers already secured, and can rigorously enforce the 'cash system.' That individual tradesmen cannot, as a rule, insist on cash payments is chiefly due to the fact that most men think themselves wronged, if an individual insist on the letter of his bond, whereas if a company do so, they look upon the demand as being 'in the way of business.' Again, as an individual beginner must sell his goods or starve, he is to a great extent at the mercy of his customers.

3. Point out the advantages of large and small farming respectively, with reference both to the nature of the products for which each is eminently suited, and to the economical and social advantages which each is qualified to attain.

M. i. 9. 4, and ii. 6 and 7. F. 69 seq. & ii. 6.

4. What seems to be the limit with a view to productiveness, of the subdivision of agricultural holdings in England and France?

In England the area of profitable superintendence by an expert.
In France the area of profitable cultivation by a family.

CHAPTER VII.

ON THE LAWS WHICH DETERMINE THE INCREASE OF PRODUCTION.

1. To what cause are we to attribute the gradual cultivation of less productive soils as civilisation progresses?

'To the pressure of population compelling resort to the inferior soils.'—*Ricardo*, chap. 2.

'To the improvement of the agricultural art.'—*Rogers*, Political Economy, 158, and ed. of A. S. i. 169 (note).

See also Shadwell, chap. 4.

2. How comes it that a country can support in comfort a population many times larger than it could formerly support in comparative discomfort? and how does the fact affect the alleged 'tendency' of population to outrun the means of subsistence?

Explain carefully the ambiguity attaching to the word 'tendency' as here employed.

The word 'tendency' in the phrase 'tendency towards a certain result' may signify—

1. 'The existence of a cause which, if operating unimpeded, would produce that result' (e.g. in this sense a man has a greater 'tendency' to fall prostrate than to stand erect).

2. 'The existence of such a state of things that that result may be expected to take place.' (In this sense man has a greater tendency to stand erect than to fall prostrate.)

In sense 1, Population has a 'tendency' to increase beyond subsistence; i.e. There are in man propensities which, if unrestrained, lead to this result.

In sense 2, Subsistence has (in the progress of society) a 'tendency' to increase at a greater rate than population; or, at least, with a continually *diminishing inferiority*.—See *Whately*, Lectures on Political Economy, ix. 248–250.

3. Cheap labour makes cheap food; cheap food stimulates population; the increase of population makes labour still cheaper—where are we to stop?

F. 174. M. ii. 15. 7.

4. What would be the general results in the following cases:—

(1) Capital and population remain stationary, and a sudden improvement takes place in the arts of production?

(2) Population rapidly increases while capital and the arts of production remain stationary?

(1) M. iv. 3. 4. (2) M. iv. 3. 1.

CHAPTER VIII.

ON THE INCREASE OF CAPITAL.

1. What are the two principal motives which induce men to save? Estimate their comparative importance: 1. As causing the existence of a nation's capital; 2. As causing fluctuations in the amount thereof.

F. 83, seq. M. i. 11. 1. 2.

2. Give illustrations of the absolute and relative strength of the said motives, drawn from different ages and countries.

M. i. 11. 2. 3.

3. What inferences may be drawn as to the natural relation between the staple article of food in a given country and the character of its inhabitants?

Note.—Indolence will usually be found with cheap } food.
Industry „ „ „ „ dear }

4. 'A country never knows its own resources till it is ruined.' Explain this aphorism, and account for the phenomenon implied.

Compare F. 32 and 469.

5. Describe the economical condition of—(1) India, (2) the West Indies, (3) China, (4) England, (5) the United States; and suggest palliatives for the several defects of each.

(1) F. 88. (2) F. 90. M. i. 11. 2. (3) M. i. 11. 3. (4) F. 89. (5) F. 92.

Much information is to be found in Thornton's works on 'Over-Population and its Remedy,' and 'On Labour.

6. Account for the 'slovenly system of cultivation' described by English travellers as being in vogue in the United States.

F. 92. A. S. i. 11, 233.

7. In what way might the labouring class be benefitted by the remission of the duty on wine, even if its members are not wine-drinkers?

If any portion of the amount thus saved to the wine-drinking class were employed by them as capital, a benefit would be conferred on the labourers.

BOOK II.

DISTRIBUTION.

CHAPTER I.

PRIVATE PROPERTY AND SOCIALISM.

1. What is meant by the Distribution of Wealth? In what manner is the notion of property involved therein?

F. 97, 98. M. ii. 1. 1. 2.

2. Political economists speak of the 'Laws of Production,' and of the Distribution of Wealth as being regulated by law.' Is the word 'law' used in the same sense in these two phrases?'

The word 'law' is used very differently in the two cases. A 'law of production' is a mere formula or generalised fact expressing physical truths. Here the facts constitute the law.

The 'law' which regulates the distribution of wealth is a rule of conduct prescribed by the supreme power in the state, punishment being denounced against all transgressors. Here the law governs the facts.

A 'law' of production cannot be transgressed, though it may be neglected.

A 'law' regulating distribution may be transgressed, but punishment will follow the transgression.

The analogy consists in this: that whilst a formula expressing physical truths expresses a uniformity of nature, a rule of conduct prescribed by the supreme power in the state with the sanction of punishment superadded, tends to produce uniformity of conduct.—See *Austin*, On Jurisprudence, lecture v.

3. Estimate the relative importance of custom and competition in England, and in any other country with which you are acquainted?

M. ii. 4. F. 99.

4. Against what evils (real or supposed) of society, as it is at present constituted, are socialistic schemes directed? Have any such plans been successful? If so, under what circumstances?

F. 101. M. ii. 1. 2. 3. For the success of the Jesuits in Paraguay, see M. ii. 1. 4; F. 102; and *Robertson*, History of America.

5. Describe and point out the difficulties attending the plans for the establishment of socialist societies designed by Owen, St. Simon, and Fourier respectively.

See *Kaufman*, On Utopias, iv. v. vi., and the 'Socialism' of the same author.

N.B.—It is unfortunate that Mill has not defined the sense in which he uses the words 'justice' and 'injury.' He says (ii. 1, 2) 'Compensation might be made for the injuries of nature, and the balance redressed by assigning to the less robust members of the community advantages in the distribution sufficient to put them on a par with the rest.'

'A still higher standard of justice that all should work according to their capacity, and receive according to their wants.'—*Ibid.*

'The proportioning of remuneration to work done is really just only in so far as the more or less of the work is a matter of choice; when it depends on natural differences of strength or capacity, this principle of remuneration is itself an injustice; it is giving to those who have; assigning most to those who are already most favoured by nature.'—ii. 1, 4; see also v. 2, 2.

It is almost needless to point out how utterly inconsistent such opinions are with the doctrine of the future improvement of the human race by the 'survival of the fittest.' Herbert Spencer (State Tampering with Money and Banks) indeed remarks—'That (for the State) to provide for averting the consequences of folly is to people the world with fools.' In point of fact, Nature works on the principle 'Unto him that hath shall be given.'

6. Define Socialism, and point out the manner in which our poor-law system falls under the definition.

F. 101–106. See also F. ii. 11. Compare M. v. 11. 13, with M. ii. 1.

7. In what manner do socialistic and co-operative societies agree and differ?

Compare F. ii. 10, especially p. 272 with F. ii. 1 and ii. 11. See also *Holyoake*, History of Co-operation.

CHAPTER II.

THE CLASSES AMONG WHOM WEALTH IS DISTRIBUTED.

1. What are the three classes amongst whom wealth is distributed? What is their relation to the three requisites of production, and what names are given to their shares?

F. 108. M. ii. 3. N. S. 88–89.

2. Explain the cases where (1) profit and rent are indistinguishable, and (2) where profit and wages are indistinguishable.

(1) F. 109–110. A. S. i. 6, 55. M. ii. 3.
(2) F. 109–110. A. S. i. 10, 117. M. ii. 3.

3. Compare and contrast the economic position of the peasant proprietor and of the slaveholder on his plantation.

F. 110. M. ii. 3 2. And also F. ii. 6 with F. ii. 12; M. ii. 5 with M. ii. 6.

4. Compare the effects of competition and custom in determining the shares of the three classes.

M. ii. 4.

5. Describe the operation of the equalising principle of competition as regards wages and profits, in (1) such a country as England; (2) such a country as India.

See, especially for (2), *Sir H. Maine*, Village Communities, Lect. vi.

6. Describe and account for the rise of the farmer class in England.

A. S. iii. 2, 392, with Rogers' note. Also *Rogers*, Agriculture and Prices, xxvii. and xxix.

7. 'The prosperity of a country depends more on the distribution than on the accumulation of wealth in that country.'

Discuss this.

8. How far is the separate interest of each of the 'three great, original, and constituent orders of every civilised society' in harmony respectively with that of the community.

A. S. i. 11, 261, seq. A. A. S. 96, and note. M. iv. 3. 4, compared with M. iv. 2. *Rogers*, Political Economy, 167.

CHAPTER III.

RENTS AS DETERMINED BY COMPETITION.

1. Define Rent.

'What is paid for the license to gather the produce of the land.' —*Adam Smith*, i. 6, 52.

'The price paid for the use of land.'—*Adam Smith*, i. 11. 151.

That portion of the value of the whole produce of land which remains to the owner after payment of all the outgoings of cultivation, including average profits on the capital employed. The excess of price above wages and profits.'—*Malthus*, Principles, 134.

'The difference between the return made to the most productive and that which is made to the least productive portion of capital employed on the land.'—*James Mill*, Elements, &c., 3rd edit., 33.

'That part of the produce which is given to the land-proprietor for the use of the soil.'—*Torrens*, Corn Trade, 130.

'That portion of the produce of the earth which is paid by the farmer to the landlord for the use of the natural and inherent powers of the soil.'—*M'Culloch*, Principles, 265.

'That portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil.'—*Ricardo*, Principles, 34.

'The payment made for the use of the soil.'—*Rogers*, Political Economy, xii.

'The surplus of profit on the sale of the produce, after all cost of production has been paid, and the farmer has received his proper manufacturing profit.'—*Bonamy Price.*

'The right to demand compensation for the use of certain species of property, when the compensation is paid in the form of a series of payments or an annuity.'—*M'Leod*, 111.

2. 'The rent of land, considered as the price paid for the use of land, is naturally a monopoly price.'

How far is this true? Has its truth with reference to this country been affected by recent legislation? Define a monopoly price.

N.B.—A monopoly (in the strict sense) has been defined as 'the capacity of exacting, by the power of the state, a forbearance on the part of all other persons from dealing with a certain article within a certain area.' (Condensed from *Austin's* Jurisprudence, lect. xv.) But the word 'monopoly' is usually employed in a sense much wider (though analogous), to signify the absence of perfectly equal competition; being sometimes even extended to cases in which the absence of equality is due, not to law, but to nature. See *post*, quest. 3, note.

Senior (Political Economy, 103) remarks that the absence of monopoly in this sense is the exception: peculiar advantages of soil, situation—power, bodily and mental—unknown or patented processes, meeting us on all sides. He proposes (*loc. cit.*) a four-fold division of

MONOPOLIES.

I.	II.	III.	IV.
Where the monopolist has not the exclusive power of producing, but only certain exclusive facilities as a producer, and can increase with undiminished, or even increased facility, the amount of his produce. Example. — Arkwright's Patent. Here the maximum price Arkwright could have exacted was that at which other producers could afford to sell. The actual price which he did exact was fixed by his own interests at a much lower level.	Where the monopolist is the only producer, and cannot increase the amount of his produce. Example. — The owner of the Constantia vineyard, In this case no maximum of price can be fixed. It is limited solely by the will and the ability of the consumers.	Where the monopolist is the only producer, and can increase indefinitely, with equal or increasing advantage, the amount of his produce. Example. — The owner of the copyright of a book. Here the maximum is fixed by the will and ability of the purchaser, but the actual price by the interests of the owner of the copyright.	Where the monopolist is not the only producer, but has peculiar facilities which diminish, and ultimately disappear, as he increases the amount of his produce. Such is the great monopoly of land. J. S. Mill, ii. 16, 1, remarks: 'If all the land in a country belonged to one person he could fix the rent at his pleasure. The exclusive possessor of the land of a country could not well be other than despot of it. The effect would be much the same if the land belonged to so few people that they could act together. But, in fact, the landowners are too numerous to combine.'

(Perhaps II. III. I. IV. would be a more natural order.)
See also Shadwell, 519–520.

3. State the Theory of Rent propounded by Ricardo.

Ricardo, Principles of Political Economy, chaps. 2 and 19, note *ad fin.*

Ricardo's own account of his views is somewhat discursive, whilst his followers but too often pass over those portions of his theory which they find difficult to defend. The only statement at once condensed and complete of the Ricardian Theory with which I am acquainted, is contained in Gibbon Wakefield's edition of the Wealth of Nations (ii. 215), and reduces Ricardo's chapter on Rent to two affirmative and two negative propositions.

Affirmative.—1. Rent consists of the surplus produce of cultivation, surplus that is over and above that portion of the produce which replaces capital with ordinary profits.

2. That the surplus produce or Rent arises from and is in proportion to the necessity (caused by the increase of population, and

capital on a limited field) for resorting to inferior soils, or employing capital on the same soils with inferior returns.

Negative.—1. That nothing is rent but what consists of the surplus produce of cultivation.

2. That this surplus produce never arises except by means of the necessity for employing more capital with smaller returns.

J. S. Mill (ii. 16. 3) declares that Ricardo's theory was never pretended to be applicable to any rents but those paid by the capitalist farmer. But it is manifest that Ricardo's definition covers rents paid by metayers and cottiers, and perhaps ryots and serfs.

N.B.—The so-called 'building rent' is obviously merely interest or profit on the capital sunk in erecting the structure, and has nothing to do with the Ricardian theory of rent. Much difficulty is often caused by the inaccurate popular use of the word 'rent, which is often applied to the revenue which the proprietor of any article derives from its hire.

Much confusion has been produced by the difference between the popular and the 'economic' significations attached to the word 'rent,' economists sometimes limiting its use to the payments of the capitalist farmer, and never extending it beyond payments connected with land; whilst men of business often speak of the 'rent' of a patented invention, &c.

But in fact, as pointed out by Whately (Logic, Appendix i. under 'Rent'), there is a large source of revenue, not the creation of man but of nature, which implies no sacrifice and has no tendency to uniformity, *i.e.* the revenue which arises from the exclusive power over some instrument of production, enabling the employment of a given amount of labour or capital to be more than usually productive. The principal of these instruments is land: but every instrument of production (and many of amusement) not universally accessible, affords a revenue distinct in its origin from wages or profits, and of such revenues the rent of land is only a species.

E.g. Taglioni, at the height of her reputation, received 100*l.* a night for dancing. Five shillings would have hired as much muscular exertion from a coalheaver; fifteen would have been ample daily interest on the capital sunk in learning to dance; and the remaining 99*l.* was due to Taglioni's exclusive possession of a peculiar grace of movement.

A Scarlett or an Erskine might command 100 guinea 'refreshers.' Many a barrister who had expended as much labour over his books and sunk as much capital in chambers, would have joyfully accepted a tenth part of the sum; but he lacked the power of persuading juries.

'It is the privilege of talent to work not only better but more easily. Sir Walter Scott could write a volume with the labour of about three hours a day, in a month, and for so doing receive 500*l.* or 1000*l.* An ordinary writer, with equal application, would find it difficult to produce a volume in three months, and still more difficult to sell it for 50*l.*

Bonamy Price (Political Economy, 357) strongly objects to the employment of the invidious term 'Monopoly' in respect of property in land, observing with perfect justice, that the 'skill and eloquence of a great barrister, the art of an eminent brewer, the talent of a distinguished writer are natural monopolies in precisely the same sense as land.' It may be said that anyone may rival or surpass them if he can. But so may anyone in civilised countries purchase land if he can.

4. Explain the varieties of Rent in the sense in which the term is employed by Adam Smith.

The most elaborate statement is that due to the Rev. Richard Jones in his treatise on 'Rent' and 'Essay on Wealth.' He thus subdivides the genus Rent of Land (see next page).

Cairnes goes so far as to affirm (Essay on Political Economy and Land) in his remarks on rent, that 'where land is given up to be dealt with on purely commercial principles, unmodified by public opinion, custom, or law, one result invariably follows (with a doubtful exception in favour of countries where the cultivators are capitalists, and a practical alternative for rural occupation exists for large masses of the people), viz. the transference to the owners of the soil of the whole produce minus what is sufficient to maintain in the lowest state of existence the race of cultivators. Bad landlords in Ireland, bourgeois proprietors in Belgium, and the Permanent Settlement of Bengal all afford instances of this.'—See also Mill, ii. 10, 2 (note).

Note.—Hence the danger to which the state may be exposed if land be regarded in a purely commercial light.

RENT OF LAND.

PEASANT RENTS.

(These agree in being in no sense dependent on the existence of different qualities of soil, or different returns for stock and labour employed.)

I.

Serf rents, or Labour rents, paid by the cultivator to the landowner.

These may be increased in two ways—

1. By exacting more labour from the serfs.
2. By using their labour more efficiently. (The former mode degrades the serf, and is likely to be profitless in the long run.)

II.

Metayer rents, where the produce is divided between the cultivator and the landowner.

These may increase from the same causes as Cottier rents (but the second mode is not at all probable, owing to the strength of the custom).

III.

Ryot rents, where a portion of the produce is paid to the sovereign as landlord, e.g. India.

These may increase from the same causes as Cottier rents.

This form of rent is closely analogous to a land tax, and is often called by that name.

A so-called rent arising from a government monopoly of lands is a true tax, and may, under certain circumstances, be a cause of price. —See Fawcett, iv. 4, 570; Rogers, xii. 166.

IV.

Cottier rents, where a money rent is paid by a cultivator who raises his own subsistence from the soil.

These may increase from two causes—

1. From an increase of the whole produce, of which increase the landlord takes the whole or a part.
2. The produce remaining the same, they may increase from an augmentation of the landlord's share, that of the tenant being diminished by the same amount.

FARMER'S RENTS.

In this case alone is it true that the rent is equal to excess of produce of good over bad land, after all expenses of cultivation, conveyance to market, &c., have been paid.

V.

Farmer's rents, where a covenanted rent is paid by a person employing labourers.

These may increase from three causes—

1. From the use of more capital. — Jones, Essay on Wealth, vii. 2.
2. From the increasing efficiency of the capital employed. — Jones, Essay on Wealth, vii. 3.
3. From a decrease in the share of the producing classes, the produce remaining the same.—Jones, Essay on Wealth, vii. 4.

5. State and criticise the main objections that have been urged against Ricardo's Theory of Rent.

For a severe critique, see M'Leod, viii., and the same author's 'Principles of Economical Philosophy,' xi.; also Perronet-Thompson on the 'True Theory of Rent' in his Exercises.

Many of the objections are merely verbal, and due to the carelessness of Ricardo himself, who, though accurate in thought, was very inaccurate in expression. This failing renders his great work an enigma.

According to Rogers, the Ricardian Theory of Rent does not give any real account of the mode by which rents have arisen and have increased (Political Economy, 155); but that the origin of the theory may be found in the same exceptional set of circumstances which originated and confirmed the Malthusian theory of population (Political Economy, 157). The same line of observation is pursued by Bamfield (On the Organisation of Labour, lect. ii. 49, seq.), who remarks that 'goodness' and 'badness' of soils express qualities not inherent in the soils themselves, but varying with our chemical knowledge and the nature of the crop required.

Ricardo assumed—1. Paramount importance of wheat crop. 2. Stationary knowledge of agriculture. 3. Cessation of foreign trade in corn. These conditions were nearly fulfilled at the time of the first publication of Ricardo's Theory.

Cairnes (Logical Method of Political Economy, 208) points out that the controversy (closely connected with the Ricardian theory) between Mill (Political Economy) and Rickards (Population and Capital, 135 seq.) really depends on the ambiguity of the terms employed. Mill by an 'Economic Law' means the influence which a particular cause (in the present instance, the physical character of the soil) exerts on some of the phenomena of wealth; deriving his proof from the character of man and from physical nature.

Rickards by an 'Economic Law' means a statement of the order in which events have actually taken place, and seeks his proof in history and statistical tables. According to Cairnes, this is not the *explanation* of a phenomenon, but the *statement* of it.

The chief objections to Ricardo's Theory may be brought under three heads, according as they represent it to be inconsistent—

1. With itself or with the nature of things.
2. With existing facts.
3. With the course of history.

If no degrees of fertility existed, the land in a populous and opulent district of great but uniform fertility, giving a large return to a given expenditure of capital, but incapable of giving any return whatever on a less expenditure, or any greater return on a larger expenditure, such a district would afford a high rent though every rood of land and every portion of the capital applied to it would be equally productive.—*N. Senior*, Political Economy, 118.

This objection appears to be well founded.

But see the defence attempted by J. S. Mill, ii. 16, 5.

It may be doubted whether the payment could, in this case, be advantageously classed under 'Farmer's Rents.'

The most fertile little oasis in the Arabian desert, cut off from communication with the rest of the world (excepting by employing the camel) would yield no rent.

As a verbal objection no reply can be made. But had Ricardo spoken of 'Productiveness' instead of 'Fertility' the criticism would have no weight. —See *Fawcett*, 48; *B. P.* x.

Rent does not always consist of surplus produce, *e.g.* ground rent of house and pleasure ground.

Valid as a verbal objection. Ricardo knew what he meant, but expressed himself carelessly. His definition covered varieties of rent of which he did not intend to treat.—See Ques. 3, *ante*.

(*Note*. Rent is here clearly a legal word, meaning something wholly different from agricultural rent).

All these objections appear to be valid.

(α) A great improvement in agricultural skill may have the effect of raising rent.

(β) A fall in the standard of living (as from corn to potatoes) among the cultivators may cause a rise in rent (as in Ireland in former days).

A remarkable illustration of (δ) was furnished by the effect of increasing wealth and population in Lancashire. Cheap corn was brought from Ireland, and moors not suited for corn produced agricultural luxuries

(γ) A fall in the cost of production, as from fall in wages, paying them out of poor rate, &c., or a fall in rate of profit, may increase rent.

(δ) Free importation of cheap corn which would cause all other sorts of produce to be raised at less cost, and so leave a larger surplus for the landlord.

The above four objections are due to Gibbon Wakefield's edition of 'Wealth of Nations,' ii. 215, seq.

The assumption involved in Ricardo's reasonings, that the cultivator can change his farm or his trade at pleasure is only partially true of England and Scotland, and wholly false for the greater part of the world.—See *R. Jones*, on Rent, also his Essay on Wealth, and *Whewell's* Philosophy of Discovery, 297.

for which there was an eager demand in the towns. Such also was formerly the state of affairs at Genoa, the lands near the city being given up to wine, fruit, oil, &c., whilst corn was brought from the valley of the Po, resulting in large surplus produce and high rent. Here the rent would be a surplus produce rent, arising from a totally different cause from that imagined by Ricardo. Such a rise in rents is concomitant with an improvement in the condition of the mass of the people, whilst a rise in rents from the Ricardian cause is attended with deterioration. Ricardian may fairly be called 'necessitarian' rent.

This objection is perfectly valid from the *point of view of the objector*, and involves many questions as to both the nature and the objects of Political Economy. If Political Economy be an abstract science deduced from certain assumed principles of human nature, and inapplicable to the actual state of affairs until certain allowances have been made for the 'friction of society,' &c., the objection is obviously futile.

But if Political Economy be an inductive science (and *à fortiori* if it be not a science at all) the objection is sound.—See *Mill*, Essays on Political Economy.

'The payment made by the cultivator to the owners of the soil is nowhere the same as the 'Rent' in the economic sense of the term; and which of the two is the more deserving of attention, the actual rent paid in all parts of the world or the economic rent which is nowhere paid?'—*Whewell.*

'This is in effect to object to the solution of a difficulty, merely because there is a difficulty, and Whewell might as well ask whether the actual water which contains numerous impurities, or the chemical water that consists of oxygen and hydrogen alone, is the more deserving of attention.'—See *Lancelot Shadwell* on Pol. Econ. 187.

Again, Whewell's doctrine would be fatal to any attempt to resolve complex uniformities into simple principles. Even the Laws of Motion are never seen in pure operation.—See *Cairnes*, Log. Meth. of Pol. Econ. 213.

The most barren land, incapable even of supporting game, will command a rent if monopolised.

Here the question is really one of definition. A sum of money paid for the use of such land could scarcely be brought within Ricardo's definition of Rent. Such land is not taken as a commercial speculation; but to give up any portion of dominion over it is a sacrifice of the pride of proprietorship which will not usually be made unless paid for.

'Rent is the result of many forces and not of one. The boasted (Ricardian) doctrine of Rent was merely the brilliant statement of the action of one force only. It thus could be constructed symmetrically; the varying rents paid for land could

The thrusts given in the opposite paragraph may be opposed by the parades of Mill, Shadwell, and Cairnes.

be co-ordinated upon a single principle, and by its simplicity and beauty it charmed the imagination like the formulas of gravitation or chemistry. But unfortunately it did not quit the region of the imagination. The rents assessed on lands refused to obey a single principle. The first farmer who heard it would ridicule the notion of all the land of a country, much more of all England, or of the world, being settled by the question, what is the degree of fertility? One has only to take that rule into the land market to be laughed out of it as a dreamer.' —*Bonamy Price*, Pol. Econ. 351 seq.

'The extension of cultivation to inferior soils is not a cause of the rise of rents, but a means by which such a rise is partially counteracted.'—*Nassau Senior*, p. 118.

This objection is so far valid that it convicts Ricardo of inaccuracy of expression. He spoke of the extension of cultivation which is at most nothing more than the invariable concomitant of a rise in rents, as though it were the cause of that rise. Ricardo must have meant not that the *cultivation* of the inferior soil, but the *necessity of cultivating* it (from the insufficiency of the superior lands to feed the population) was the cause of rent in the case of the superior lands. See J. S. Mill, ii. 16. 5.

'In new colonies, with fertility of cultivated lands and cost of carriage uniform, a rent

'This is also a good verbal objection. It would perhaps be convenient to regard such pay-

paid to the government is sometimes found to exist.'

ments rather as taxes than as rent, for they may under certain circumstances be a *cause* of price which rent in the ordinary sense can never be. These payments too arise from a true monopoly, like the royalty of a patentee or the exceptional gains of a prima donna.—See *Cairnes*, Log. Meth. of Pol. Econ. 261; and Fawcett, iv. 4.

They differ in their causes and effects from the agricultural ordinary rents to which the theory of Ricardo applies. Farmer's rents are (according to Ricardo and his followers) a consequence of the diminishing productiveness of the soil from the best to the worst lands in cultivation, and form no element of the price of agricultural produce. A land tax is due to the monopoly of the soil by the Government, and if it exceed in amount the amount of the rack agricultural rent, tends to raise the price of agricultural produce, which it will actually do if importation be restricted.

The price of agricultural produce being given, agricultural rent will vary directly with the productiveness of agricultural industry, this productiveness being a function of two variables: 1. The natural fertility of the soil. 2. The skill with which labour is applied to it. But a land tax (Government rent) is

'All land in old countries yields a rent.'

the result of monopoly, and regulated by nothing but demand and supply. Government being able to do what private landlords cannot, they being too scattered to combine.—See *Cairnes*, Log. Meth. of Pol. Econ. Lect. viii. §§ 3, 4.

Much of the apparent validity of this objection arises from Ricardo's unlucky employment of the phrase 'The corn raised on land paying no rent' as an equivalent for 'the corn raised without the payment of rent.'—See N. Senior, 118.

Again, as inferior land does not usually occupy without interruption many square miles of ground, the person who rents the better spots obtains the inferior soils into the bargain. He pays a rent nominally for the whole farm, but calculated on the produce of the better parts alone. See J. S. Mill, ii. 16. 3.

See p. 11 *ante*, and the authorities there quoted.—*Hearn*, Plutology, cap. vi. and (for the Highlands) Duke of Argyll in 'Journal of Statistical Society for 1866.'

See reply of Shadwell, *loc. cit.*

'Cultivation does not in (the progress of) a country begin with the better soils and extend from them, as the demand increases, to the poorer, but begins with the poorer, and does not till long after, extend itself to the more fertile.'—*Carey*, Principles of Social Science, quoted by J. S. Mill, i. 12. 3. And by Shadwell, 196.

Donisthorpe, 29, objects to Ricardo's Law of Diminishing Returns, that it is a mere truism

and exemplified in other things, e.g. in squeezing juice out of a lemon. After a small number, each pound weight yields a smaller return.

'There is no historical evidence that those soils the produce of which cost least labour in proportion to the produce attained were first cultivated; and that as population increased poorer, (qu. less advantageous?) soils were taken into cultivation.'—R. xii. 155.

'The increased productiveness of agriculture is the cause (qu. necessary condition?) and not the effect of increased population.'—R. note to A. S. vol. i. 152.

'It is not true that the increase of agricultural produce has been achieved by increased labour or greater relative cost. The development of agriculture, the advantageous cultivation of inferior soils, goes on simultaneously with the numerical decline of that part of the population which labours on and is directly subsisted by the soil.'—R. xii. 156.

'Good arable land, near a large town, let 500 years ago at 6*d.* an acre. It lets now at 120 times as much. But the price of its produce has not risen more than ninefold.—*Rogers'* edition of Wealth of Nations, 151, n. 2.

'If we regard a theory of rent as a methodical statement of the course which the rise of rents has actually pursued there is no answer to be made to these objections of Rogers.

But according to Cairnes (Logical Method of Pol. Econ. cap. viii.) the object of a theory of rent is to explain the fact of rent and the conditions which determine its rise and fall. The fact to be explained is the existence in certain branches of industry of a permanent surplus value in the product beyond what is sufficient to replace the capital employed in production together with the usual profits that prevail in the country.

5. 'Rent may be considered as the produce of those powers of nature, the use of which the land-

lord lends to to the farmer.' Comment on the above extract.

6. 'If the produce of the land could always be increased in proportion to the outlay on it, there would be no such thing as rent.' Explain and illustrate.

N. S. 84, seq. In the hypothetical case, one acre of land could supply all England.

7. What is meant by the 'unearned increment of wealth,' and how should it be dealt with in a well regulated state?

Compare M. v. 2. 5, with v. 3. 2, for his peculiar views on this question.

8. 'What harm,' says the Duke of Argyll, 'is done if the farm be let to a man without capital rather than to one willing to lay out 5,000*l.* on its being secured to him?' What is your answer to this question?

F. 217, seq. *Duke of Argyll's* Essay on the Commercial Principles applicable to Contracts for the Hire of Land.

9. Under free trade in corn, is it possible that every bushel grown in this country might yield rent, or not, and why?

Compare Quest. 4.

10. 'In New Zealand, as in America, the poor lands are first occupied by the settlers, because the fat soils will pay for the clearing only when there is already a considerable population on the land.' Does this proposition appear to you to militate against the soundness of the Ricardo Theory of Rent?

Vide *supra*, Quest. 4.

11. Distinguish the several things commonly confounded in the popular use of the term 'Rent.'

N. S. 90, seq. M'Leod. viii.

Donisthorpe also complains (Plutology, 113) that under the name Land two things usually sold together have been confounded by economists, viz. 'Ground,' which is useful only as 'standing room,' and owes its sole value to locality, and Soil, which owes its value not merely to its locality, but to its constituent parts in a chemical sense.

12. Consider how far the revenue derived by a landed proprietor from improvements, such as drainage, fencing, or agricultural buildings, is of the nature of Profit and how far it is of the nature of Rent.

The views of J. S. Mill and of Carey and Bastiat upon this question may be taken as the two extremes.

M. ii. 16. 5.

Bastiat, Harmonies of Political Economy, ix.

See also Shadwell, 198.

But, as pointed out by Cairnes, Rent and Profit, although they have superficial points of resemblance, differ in many more. For I. The Rate of Profit falls and the Rate of Rent rises with the progress of society. II. Rent and Profit stand in different relations to Price—e.g. a permanent rise of agricultural prices would, *cæt. par.*, cause a rise of rent, but would produce no such effect on agricultural profits in the long run. III. A tax on the profits of any branch of industry would raise prices in that industry; the receivers of profit would be able to transfer the burden to the consumers. But a tax on Rent would rest permanently on the landlord. IV. Variations in Rent are slow, and, as a rule, in an upward direction; in Profits, and still more in Interest, variations are frequent and rapid, and not constant in direction.

13. What are the conditions of the truth of the theory that 'Rent does not enter into the cost of production'? Do these conditions ever fail in practice? If so, from what causes?

F. 569, seq. M'Leod 117, and Principles of Political Economy, 11, 20. A.A. S. 62.

14. Comment on the Theory of Rent implied in the proposition to make the price of cotton remunerative by

remitting the land tax on cotton lands. If the land tax be a fixed proportion of the produce, what effect would it have relatively on the richer and poorer soils?

F. 570. M. 5. 2. 6.
And 205.

15. What is the error in saying that as the exchange value of a commodity must cover the Rent paid for its production, therefore Rent must always enter into value?

The error amounts to the conversion of A *simpliciter*.

16. The average price of wheat during the 14th century was 5*s.* 10*d.* a quarter, and the average rent of arable land was 6*d.* an acre. The average price of the same quantity of wheat in the twelve years preceding the repeal of the corn laws was 50*s.* a quarter, and the average rent of arable land was 30*s.* an acre. How do you explain the facts that the price of wheat has risen less than ten times, the rent of land sixty times?

R. xii. 165.

17. 'The most fertile mine regulates the price of coals at all the other mines in its neighbourhood.' Examine this statement.

A. S. 177 and Rogers' note. A. A. S. 70.
Ricardo iii. and xxiv.

CHAPTER IV.

ON WAGES.

1. Define Wages.

'The remuneration received by the labourer in recompense for having exerted his faculties of mind and body.'—*Senior*, Political Economy, 142.

The remuneration paid to hired labourers for having exerted their faculties of mind and body. B. P.

N.B. Although in England the greater part of the population

lives on wages paid out of capital, such is not the state of affairs in most countries. Richard Jones pointed out that there are really three classes of labourers:—1. Unhired labourers who cultivate the ground which they occupy, and live on (what may be called) self-produced wages.

Examples—Cottar Tenants of landlords in Scotland in Adam Smith's time and Conacre Tenants in Ireland.

2. Paid dependents, paid out of the revenue or income of their employers. Example—The military retainers and domestic artisans of feudal times in Europe, and the greater part of the people of Asia at the present day.

3. Hired labourers, who are paid wages from capital.

See *R. Jones*, Literary Remains, 435, seq. and 13, and *Whewell*, Philosophy of Discovery, 299.

2. Explain the various significations that have been attached to the words 'high' and 'low' when applied to Wages.

The extent of the remuneration termed Wages has been estimated by three different measures:—

1. Wages have been termed high or low according to the amount of *money* earned by the labourer within a given period, as when we say that wages were lower in England during the Middle Ages than they are at present.

This is the popular nomenclature.

2. Wages have been termed high or low according to the *quantity and quality of the commodities* obtained by the labourer without any reference to his receipts in money.

Adam Smith generally employs the term in this sense.

3. Wages have been termed high or low according to the share or proportion, which the labourer receives, of the produce of his own labour, without any reference to the total amount of that produce.

This use of the terms was introduced by Ricardo.

According to this nomenclature the wages of a hand-loom weaver at 4*s.* 1½*d.* a week would be much higher than those of a coalheaver at 40*s.*, for the weaver receives 99 per cent. of the value of his labour, whilst the coalheaver has only 80 per cent.

See *Senior*, Political Economy, 142, 143.

For an elaborate analysis of the total cost of the finished product, and proof of the large share obtained by 'Wages,' see Donisthorpe, 'Plutology,' 95.

3. Discuss the advantages and disadvantages of Ricardo's definition of Wages as the 'labourer's share of the produce of industry.'

N.B.—The disadvantages are much more obvious than the advantages, for (1) this definition withdraws the attention from the most important to fix it on the least important point incident to wages; i.e. not on the point whether the labourer is well or ill fed, clothed, lodged, or warmed; but simply what proportion of what he produces comes to his share. (2) That, like most cases of the employment of old terms in new senses, it tends to make the author who employs it inconsistent and obscure, since, however careful he may be, he is almost sure occasionally to slide into the old meaning. Ricardo himself does not escape—e.g.:

'Nothing can affect profits but a rise of wages.' 'Whatever raises the wages of labour lowers the profits of stock.' 'High wages invariably affect the employers of labour by depriving them of a portion of their real profit.' 'As the wages of labour fall the profits of stock rise.' (Ricardo, M'Culloch's edit.)

In all these cases Ricardo means by high wages, not a large *amount*, but a large *proportion*; but when he speaks of the 'encouragement which high wages give to the increase of population,' he means by high wages a large *amount*. Inattention to this variation has often produced an opinion that high wages and high profits are incompatible, which is false if we employ the words in the ordinary signification.

See N. S. 143.

4. Since the repeal of the Corn Laws a vast increase of capital has taken place in England. To what causes are we to attribute the comparatively small increase in the rate of Wages during that interval?

F. 132, seq., and *Brassey*, Work and Wages.

5. State and discuss the Malthusian theory of population.

Malthus' own work, *passim*. F. 141. M. ii. 11, 3, seq., and 2. 13, *pass*. N. S. 29–50. B. P. 193, seq.; 221, seq.

For adverse criticism: R. 68–80. *F. W. Newman*, Lectures

on Political Economy, 104, seq.; and *Rickards*, Population and Capital, 66, &c.

See also Shadwell, 68, seq.

For sketch of the history of the theory, see *Twiss*, General View, lect. vii.

See also Whately, lect. ix.

6. State the conditions by which the average rate of wages in any given country is determined?

F. 131, as modified by Rogers' note to A. S. vol. i. 362. M. ii. 11. 1. N. S. 154, seq. Ricardo, v. Shadwell, ii. 3.

7. What is the effect of a rise of wages?

F. 136 and 155.

8. What is known as to the economic effect of the plague called the 'Black Death' in Europe?

F. 142. *Rogers*, Agriculture and Prices, 265, 298, 570. 'Probably not much less than half the population perished.' (*Ibid.* 60.)

9. What is the relation between the rate of wages and the prosperity and progress of a nation? Comment on Adam Smith's statements relative to India, China, and North America.

A. S. vol. i. 73, seq. A. A. S. 32.

Another reason for the low pay of those professions that can be exercised on the ordinary education of a gentleman or gentlewoman, consists in the fact that most parents take great pleasure in witnessing a child's daily improvement. The education is given to obtain the pleasure, and not with a view to future profit.

In some liberal professions this is the whole cost, and in all a considerable portion thereof.

On the other hand, Donisthorpe, 91, points out that a very large portion of the wages of the skilled labourer is due to the 'value' of the labourer himself, and goes to recoup the expenses of his production (such production being undertaken for the sake of profit).

10. What is the foundation of the inequality in the remuneration of different employments? Distinguish

the effect of natural, and of artificial, and factitious causes.

F. 147. A. S. i. cap. 10. M. 2, 14. N. S. 200–225 (a most useful criticism on A. S.) Shadwell, 146, seq. M'Leod, 107.

N.B.—It has been thought that the goldminer loses on the whole. See *Jevons*, Fall in Gold, 43, for account of the chimerical expectations and gambling spirit displayed by such persons.

11. What are the causes which elevate the profits of painters, lawyers, and physicians, while depressing those of men of letters and public teachers? What circumstances elevate the profits of retail dealers in small towns?

A. S. vol. i. 137–142, and 117. A. A. S. 50.

Note.—It may be remarked that there are two sorts of uncertainty: (1) necessarily connected with the employment, e.g. smuggling, gunpowder making; (2) with the person, e.g. liberal professions, which afford a regular income to those who succeed.

A. S. wrote in Scotland, where the Bar was then much overstocked. See N. S. 207, and compare with *Lord Campbell's* Life of Lord Mansfield.

12. What important oversights occur in Adam Smith's rationale of the scale of payment of the lower clergy?

A. S. vol. i. 138, R.'s note. N. S. 205.

13. In what sense, and to what extent, are the interests of the capitalists identical with, or antagonistic to, the interests of the labourer?

F. 170. M'L. 104, seq. N. S. 140, seq. M. 2. 15. 7.

14. What would be the economic effects of raising the existing wages of agricultural labourers throughout England 10 per cent.?

F. 224. Compare M. ii. 12. 2, and 3.

15. 'There is considerable evidence that the circumstances of the agricultural labourers in England have

more than once in our history sustained great permanent deterioration from causes which operated by diminishing the demand for labour.'

'A similar (to that in France after the Revolution), though not an equal improvement in the standard of living, took place among the labourers of England during the remarkable fifty years from 1715 to 1765.'

Comment on these two statements, and point out any other periods during which the state of the lower classes in England and France seems to have distinctly improved, and from the economical causes which have produced this result.

M. 2. 11. 2, with notes and authorities there quoted; and M. 2. 17. 5, note *ad fin.* See also *Thornton*, Over-Population and its Remedy, 200, seq., and i.–iii.

At 189, Thornton points out that the distresses of the English labourer could not have arisen from the suppression of the monasteries in 1535, since the increase of vagrancy and poverty had begun long before that date. So also had the conversion of arable into pasture land (under the combined inducements of high prices of labour and of wool), a process which began to attract the attention of Parliament as early as 1487.

16. Examine the condition of the labouring class in England in the half century preceding the Statute of Labourers.

Rogers, Agriculture and Prices, xv.

17. State some of the ways in which dishonesty, while it transfers wealth from one individual to another, tends to diminish the wealth of the community.

1. The 'element of risk' is increased. A. S. Vol. I. 104, note 2.

2. Inducement to industry diminishes. See *Dumont's* Bentham, 'Principles of Civil Code,' 1, x. (Hildreth's trans.) 115, seq.

18. Suppose that the agricultural labourers of England obtain by combination a rise of say 25 per cent. in

the rate of wages, state your opinion upon the following points:—

a. Does such a rise necessarily constitute a rise in real wages?

Observe, especially, the probable rise in articles consumed by labourers.

β. What circumstances enable the labourers to obtain such a rise?

See F. 247.

γ. What will be the effect upon English agriculture?

Observe, especially, the encouragement given to the use of machinery.

δ. How will the profits of farmers and the rents of landowners be affected?

Proximately the farmers; ultimately the landlords, will be injured.

19. Discuss the theory of the 'Wages Fund.'

Cairnes, Leading Principles of Political Economy, ii. 1, 2. *Thornton*, On Labour. *Jevons*, Theory of Political Economy, 259–262. Shadwell, 141, seq. See also A. A. S. 30, note 2, and authorities there quoted. Also A. A. S. 133, note 2. B. P. 184.

CHAPTER V.

ON PROFITS.

1. Define Profit.

B. P. 125; M'Leod, 43; F. 157.
Shadwell, 157.

2. What is meant by the 'Rate of Profit,' and what in your opinion, is the true measure thereof?

F. 162; R. 57; M'L. 44; N. S. 186.
Ricardo, iii.

3. State and illustrate the circumstances which determine the general rate of profit, particularly noticing those which, in the ordinary progress of society, tend to raise or to depress it.

F. 157, seq.; M. 2. 15. *M'Leod's* Principles of Economic Philosophy, 12.

Shadwell, 163, seq., who throws doubt on the opinion that profits tend to diminish with the progress of society.

4. Compare the effect of dear and cheap years on the industry and recompense of the poor. Examine the effect of the price of provisions on the price of labour, and of the price of labour on the price of the commodity.

F. 236; A. S. vol. i. 87.

5. Trace the connection between Ricardo's Theory of Rent and the decline in the general rate of profit, said to take place as a country increases in population. Explain clearly the connection which exists between wages and profits. To what extent is it true that as wages increase profits diminish? Why are profits and wages both much higher in Australia than in England?

M. 4. 2. and 3.

M'Leod, Principles of Economic Philosophy, 12, 53.

Shadwell, 169, seq., and 175 for last part of question.

6. Trace the effect upon the agriculture of England and upon the interests of landowners, farmers, and agricultural labourers of the admission of cheap foreign corn duty free.

M. 4. 4. 7. See also edition of Adam Smith's 'Wealth of Nations,' by Gibbon Wakefield, ii. 215, seq.

7. Distinguish between the profit on capital and the additional produce obtained by the use of capital. When any great increase in the powers of production takes

place, what determines the distribution of the excess among different classes?

M. 4. 3. 4.

8. 'The productiveness of capital is measured by the profit it obtains.' Show the absurdity of this statement, and examine the circle of errors with which it is connected.

9. Show (by an analysis of the various elements of profit) that the same circumstances which tend to equalise and diminish profits, tend to increase and cause inequalities in rent.

M. 4. 3. 5.

10. What is meant by the phrase, 'Natural Rate of Profit'?

F. 162. M'Leod, Principles of Economic Philosophy, 43, seq.

11. 'The cost of labour then, is, in the language of mathematics, a function of three variables.' (Mill, ii. 15. 7.) Explain and comment.

12. State any facts showing the difference in what has been called the 'effective desire of accumulation' under different circumstances, and estimate the effect of this difference on the current rate of profit.

M. 1. 11. 2.

13. 'High or low wages and profit are the causes of high or low price, high or low rent is the effect of it.' Examine these positions.

F. 344; A. S. vol. i. 154; A. A. S. 62.

14. Estimate the effect of improvements in agriculture (1) upon rent, (2) upon wages, (3) upon profits.

M. 4. 3. 5.

CHAPTER VI.

PEASANT PROPRIETORS.

1. Compare and contrast the *régime* of peasant proprietorship with that of slavery.

F. 181, seq., compared with 304, seq. M. 2. 5. 1.

2. Estimate the advantages and disadvantages (economical and social) of (1) a system of large as compared with one of small holdings of land, (2) of laws facilitating the tying up of land by wills and settlements. Illustrate from the former or present condition of any country with which you are acquainted.

Vide for (1) authorities quoted in previous question.

For (2) A. S. vol. i. 387, seq. M. 5. 9. 1–3.

Note.—If land be considered merely as an instrument of production, any law tending to prevent the free sale of land is absurd. But if land be looked on as a means of linking the various classes of society together (since the possession of land necessarily involves power over others), it may be well to put difficulties in the way of rapid changes in the relationship of landlord and tenant. Upstart landlords are rapacious to a proverb.

3. Explain the different land systems of England and France with special reference to their economic effects, not merely on those persons who are engaged in agriculture, but to the general economic condition of the nation.

The references given with the two former questions will afford materials for an answer.

4. Estimate the effect of legal, social, and political obstacles in preventing the revival of peasant proprietorship in England. Did it at any time flourish there? To

what causes is the growth of large estates in England during the last two centuries due?

F. 189; R. 171, 124.
Rogers, Agriculture and Prices, 26.
Macaulay, History of England, iii.

5. State the arguments for and against the custom of Primogeniture.

For: Macculloch's edition of Wealth of Nations, 561–570.
Against: M. 2. 2. 5. and 5. 9. 2–3; A. S. Vol. I. 386 and 418.
R. 270.
See also Note to Quest. 2 in this chapter. It is evident that equal division, if it does not necessitate, greatly encourages frequent sales of landed estates, or if the property be *nominally* kept undivided, it will, under such a system, be burdened with heavier mortgages, than under the system of primogeniture, the provision for younger children being greater.

CHAPTER VII.

METAYERS AND COTTIERS, AND THE ECONOMIC ASPECTS OF TENANT RIGHT.

1. Compare and contrast the metayer and cottier systems of land tenure.

F. 203. M. 2. 8–9.

2. Enumerate the varieties of metayer tenure with which you are acquainted.

F. 206. M. 2. 8. 1. Arthur Young, i. 403, ii. 151.

3. What are the advantages and disadvantages of the metayer system?

M. 2. 8. 2–3.

4. Did the metayer system ever exist in England? How far have modern investigations confirmed the conjectures of Adam Smith on this point? What circum-

stances render such a tenure impossible in England at the present day?

R. 169. *Rogers*, Agriculture and Prices, i. 25, 687. A. S. vol. i. 392. F. 212.

5. Distinguish between the 'competition' rent paid by the capitalist farmer and the 'competition' rent paid by the cottier.

(The capitalist farms for profit, the cottier for subsistence.) F. 213.

6. In what two senses are rents said to be 'nominal'?

1. When they are so small that they are not felt.

2. When they are so high that they cannot be paid (and the tenant therefore constantly in debt to his landlord.)

7. What historical accidents and what economical causes tended to produce the miserable condition of the Irish peasantry in the earlier part of the nineteenth century?

F. 213. M. 2. 9. 2-3. R. 65-72, 175-182. *Maine*, Early History of Institutions, vi. 175-184.

Note.—The cruel rack rents exacted by the Irish chieftains were objects of wonder and horror to English statesmen in the sixteenth century. They seem to have been due to the constant petty wars, each followed by the flight of exiles from some vanquished tribe to seek refuge with a neighbouring chief. It was usually granted, but on the most onerous terms. Hence as time went on the harshest became the most common terms of tenure.

8. Point out the advantages and the disadvantages of the 'Ulster Tenant Right.' What is its English analogue?

F. 216. M. 2. 9. 1.

9. Give the chief provisions of the Irish Land Bill of 1870 and the Agricultural Holdings Act of 1875. (See Statutes.) What reasons have been brought forward to

justify an amount of interference with the contracting parties in the case of land let for purposes of cultivation which would not be tolerated in the case of house rent?

F. 217.

10. Mr. J. S. Mill says that 'The reasons which form the justification from an economical point of view of property in land are only valid in so far as the proprietor of land is its improver. In no sound theory of private property was it ever contemplated that the proprietor of land should be merely a sinecurist quartered upon it.' State any reasons which occur to you for thinking this proposition true or false.

M. 2. 2. 6. Query. Does not the phrase 'sound theory' beg the question?

CHAPTER VIII.

NATIONAL EDUCATION AND OTHER REMEDIES FOR LOW WAGES.

1. Enumerate the popular remedies for low wages. Can you suggest any test for their efficacy?

F. 221, seq. M. 2. 12.

2. Do the principles of Political Economy enable a conclusive answer to be given to the following questions:—

α. Is the State justified in compelling parents to send their children to school?

β. Is any infringement of the principle of freedom of contract justifiable as between landlord and tenant, or between master and workman, or between buyers and sellers?

Note.—Political Economy is at most only a branch of the Science of Politics.

3. Investigate the effects upon the wealth and foreign commerce of the kingdom of a progressive shortening of the hours of labour—

α. In all trades.

β. In all trades which produce articles for exportation.

F. 225. M. 3. 25.

4. Examine the doctrines expressed or implied in the following passage:—

Suppose a decrease were to take place in the numbers of the population, it may well be that the scarcity of labour would bring about a rise in wages; but to the rise in wages will necessarily correspond a rise in remunerative price, and with the rise in remunerative price consumption will be checked and markets closed; and the failure of employment would again lead to superabundance of labour.

M. 3. 25. 3.

5. Adam Smith has stated that 'The education of the common people is much more worthy of the attention of governments than that of persons of some rank and fortune.' Comment on this statement, and point out the economical reasons why the poorer classes may be expected to be indifferent to primary education and those which should make governments anxious to enforce it.

A. S. vol. ii. 367. F. 229, seq. M. 2. 13. 3, and 5. 11. 8.

6. 'Statistics indisputably prove that ignorance is a fruitful source of crime. Not more than four per cent. of convicted offenders can read and write with facility.' —*Fawcett*, ii. 8, 232.

'Statistics indisputably prove that bad dressing is a fruitful source of crime. Not more than four per cent.

of convicted offenders have good coats on their backs.' (Adapted from *Herbert Spencer*.)

Comment on the above extracts.

Note.—Probably the crime and the bad dressing are effects of the common cause, poverty, which necessitates the latter, and greatly increases the temptation to most sorts of the former.

7. Explain the apparent paradox that the earnings of a whole family in some districts do not exceed the amount that would be paid to the father alone if the wife remained at home and the children went to school.

F. 236.

8. Compare and contrast the effects of emigration, opium-smoking, and famine, as modes of disposing of the 'surplus labour' of a country.

Note.—As a general rule, emigration tends to deprive a country of its best and most enterprising labourers.

Opium-smoking tends to destroy those who are idle, vicious, and incapable of self-restraint.

Famine for the most part kills the weak, whilst the strong survive to continue the race.

9. Estimate the advantages of the Allotment System.

F. 238. M. 2. 12. 4.

10. What circumstances render it impossible to compensate labourers as a class for the loss of their rights of common when lands are enclosed.

F. 239.

CHAPTER IX.

TRADES UNIONS AND STRIKES.

1. Compare and contrast as to their nature and objects the Trade Unions of the present day with the Trade Corporations of Adam Smith's time.

A. S. vol. i. 65, 128, seq.; vol. ii. 44. R. 86, seq. F. 241, seq.

2. Discuss the economical effects of the Statute of Apprenticeship, and of the laws restraining combinations of workmen.

A. S. vol. i. 128, 70. M. 5. 10. 5. R. 86, seq.

3. Consider the policy and effects of 'strikes.' In what trades can the practice of 'striking' for increased wages be carried out most successfully?

F. 250. M. 5. 10. 5. L. Shadwell, ii. 7. *Thornton*, On Labour, iii. 3. A. S. vol. i. 132. A. A. S. 41, note, and 55, note 2. R. 95. B. P. 232, sq.

4. In what respects have law and custom principally altered the relations between capitalists and labourers since Adam Smith wrote?

A. S. vol. i. 124–143, and notes; vol. ii. 44, and note.

5. 'If the employed do not combine, they are not in a position of equality with their employers.' Explain and comment.

F. 249. B. P. 240.

6. From what cause do 'strikes' arise? Give some examples of its removal by copartnership. In what branches of industry can copartnership be carried out with the best chance of success?

F. 250–55. M. 5. 10. 5. R. 89, 216. Shadwell, 240.

CHAPTER X.

ON CO-OPERATIVE INSTITUTIONS.

1. Explain the fundamental principle which recommends co-operative societies. Can the Civil Service Association be considered in any sense as such a society?

F. 256. See for illustrations of the whole of this chapter, *Holyoake*, On Co-operation; and M. iv. 7.

2. Compare the organisation and system of the Rochdale Pioneers with that of the Civil Service Association.

F. 258–9.

3. Mention some of the leading forms of Co-operative Industrial Association, with the advantages special to each.

F. 266–82. *Chevalier*, Organisation of Labour, xiv. *Laing*, Causes and Remedies of Natural Distress.

4. Explain the advantages of Industrial Partnerships, in which the employees share, in proportion to the wages received, half the profits of the business beyond a certain fixed minimum which is assigned to the employers or capitalists. Give examples.

See authorities quoted under 3; and *Villiaume*, Political Economy. Also Journal des Economistes, November 1860, article by *Cherbuliez*, Operative Associations.

5. To what difficulties is co-operative industry liable which do not affect co-operative stores of goods for consumption?

F. 268.

6. Explain the functions of the so-called 'Wholesale Society.'

F. 263.

7. 'Co-operative agriculture secures the advantages of peasant proprietorship without its disadvantages.' Explain and comment.

F. 274.

8. What advantages do labourers obtain by means of Co-operative Banks and Building Societies?

F. 275–82.

CHAPTER XI.

THE NATIONALISATION OF THE LAND.

1. Give the views of Lassalle and Schulze-Delitsch, respectively, with regard to the economical functions of the state.

F. 283.

2. Sketch the scheme of the International Society known as 'the nationalisation' of the land, and point out the financial difficulties which its adoption would involve.

F. 284, seq.

3. What difficulties are placed by the English Law of Real Property in the way of the acquisition of land in small plots?

F. 293–4; 189, seq. M. 5. 9. 1–3.

4. In what ways would the scheme of the International Society tend to foster political corruption?

F. 287.

5. What difficulties would the increase of population throw in the way of the realisation of the plan? And in what ways would the existing motives to prudence be weakened?

F. 298–303.

CHAPTER XII.

ON THE ECONOMIC ASPECTS OF SLAVERY.

1. Compare and contrast the slaveholder with the peasant proprietor.

F. 304; M. 2. 5. 1. *Cairnes* on The Slave Power, 44–49.

The one advantage possessed by the *régime* of slavery over that of peasant proprietorship is that it admits of perfect combination and classification of employment, whilst the peasant proprietor has little capacity for organisation. Hence, under a slave system, large capitalists have a special and peculiar advantage. Hence, also, large, heavily-mortgaged plantations, are the rule.

2. What are the most glaring defects of slave labour?

F. 305–8. *Cairnes* on The Slave Power, 44.

Of course slavery in its modern form can never be employed in manufacturing industry.

3. In what way do these defects limit the nature of the crops that can be cultivated with profit by means of slave labour? How does this affect the geographical distribution of slavery?

F. 305–6. *Cairnes*, Slave Power, ii.

N.B.—The 'profitableness' of slave labour is usually estimated from the point of view of the proprietor of slaves. In the long run slavery is almost always ruinous to states.

4. How do these defects render impracticable any rotation of crops?

F. 308–11.

5. To what reasons ought we to attribute the greater prevalence of these defects among negro than among Greek and Roman slaves?

F. 308. *Cairnes*, Slave Power, iv.

The reasons appear to be dependent on—(1) Difference of race and colour between slaveholder and slave; (2) The development of international commerce in modern times, which does away with the necessity for domestic manufacture in slave states; (3) The greater facilities for and development of the slave trade (external and internal) in modern times.

6. In what way does slave labour tend to exhaust the soil?

F. 310.

7. 'That the condition of a slave is better under an arbitrary than under a free government is, I believe, supported by the history of all ages and nations.' Give examples.

A. S. vol. ii. 167 and 168. *Maine*, Ancient Law, 166.

8. Account for the superiority of the position of the slave in those states which were governed under highly Romanised codes of law, as compared with his station in those in which English rules of law prevailed.

Maine, Ancient Law, v.
Coulange, La Cité Antique, 131.

BOOK III.

EXCHANGE.

CHAPTER I.

ON VALUE AND PRICE.

1. Define 'Value,' and distinguish between 'Value in Use' and 'Value in Exchange.' To what extent are the two latter 'distinct, opposing, and contradictory conceptions'?

A. S. i. 29–30; A. A. S. 11, n. and 12, n.; M. 3. 1. 2.
Ricardo, i., esp. sect. 1, and cap. xx.; Shadwell, ii. 1.
B. P. cap. ii. makes 'value' equal to 'esteem,' and regards 'value in use' as a bad phrase for 'utility.'

2. 'Price is a particular case of value.' Explain and comment.

F. 315. M. 3. 1. 2.
Ricardo, i. sect. 7.

3. Contrast 'Value' and 'Cost,' and state the determining causes of each, with full explanation of the relation of one to the other.

M. 3. 3–4. *passim.*

4. 'It is not to any one commodity or set of commodities, but to some given quantity of labour that we must refer, for an unvarying standard of cost or real value.'

M. 3. 4. 1–2. Ricardo, i. 3.

5. Explain precisely in what sense it may be said that 'Labour is the cause of Value.'

A. S. 30, n. N. S. 23.
Ricardo, i. 4. Shadwell, 105, seq.

6. An eminent economist has maintained that if a pipe of wine gains value from being kept in a cellar for a number of years, it is because more labour has been bestowed upon it. Explain and defend this proposition, or, if it be erroneous, show how the error has arisen.

N. S. 57.

7. How is it that a general rise or fall of values is impossible and even contradictory in terms, whilst a general rise or fall of prices is not only conceivable, but not uncommon?

F. 316. M. 3. 1. 4.

8. A fixed standard of value has been alleged by some to be a desideratum in Economics. Do you believe in the possibility of such a standard? If not, why not?

M. 3. 15. 2.

Ricardo, i. 6. See also question 1, *supra.*

CHAPTER II.

ON THE CAUSES WHICH REGULATE THE PRICE OF COMMODITIES.

1. State and explain Fawcett's arrangement of exchangeable commodities into three classes.

F. 318, seq.

2. In what manner does the price of any particular commodity 'depend upon the class or division to which the commodity belongs'?

F. 318.

3. What is meant by 'Effectual Demand'?

F. 321; A. S. i. 58; M. 3. 2. 3.

4. Explain Adam Smith's term 'higgling' of the market.

F. 322; A. S. i. 32; M. 5. 10. 5, *ad fin.*

5. Explain the theory that value in exchange is composed of two elements—value in use and difficulty of attainment.

F. 322, seq.; M. 3. 2. 1-2.

6. In what cases, according to this theory, will 'Value in Use' be the sole 'REGULATOR' of price?

F. 320, seq.; M. 3, 2, 3.

7. Discuss the relative advantages of dealings in markets, at auctions, in shops, and at co-operative stores.

N.B.—In answering this question points not strictly Politico-Economic have to be brought in.

8. What regulates (1) the cost of production, (2) the value, (3) the price of any article?

See authorities above quoted.

9. 'I doubt whether any common maxim has been so mischievous as the saying, "Caveat emptor."' Why? How far can the State beneficially interfere with freedom of contract?

M. 5. 11. 10.

CHAPTER III.

ON THE PRICE OF AGRICULTURAL AND MINERAL PRODUCE.

1. 'The most fertile mine regulates the price of coals at all the other mines in its neighbourhood.' Examine this statement.

F. 331. A. S. i. 177, and note. Ricardo, iii.

2. How does the progress of improvement affect the prices of iron ore, of cotton goods, of barley?

See authorities quoted in previous chapter, especially under questions 1 and 2.

3. How far are the interests of agriculture and manufacture antagonistic?

F. 185, seq.

4. Trace the immediate economic results on England of the great development of manufactures at the end of the last century.

Materials for an answer will be found in *Tooke*, History of Prices, and *Porter*, Progress of the Nation.

5. Explain the economic effects to the employers and employed in coal mines, as well as to the general public, of artificially restricting the 'output' of coal.

F. 332, seq.

6. It has been calculated that when the activity of the coal trade was at its height, about 1872–74, there was a rise in the price of coal of about 15*s.* a ton; of this extra price, about 2*s.* 6*d.* went as increased earnings to the colliers, and the remaining 12*s.* was apportioned either as extra profit or as extra dues among the lessees and owners of coal mines. Explain the principles which regulated the foregoing distribution. Would it have been possible for the labourers to have secured a larger share of the extra sum for which the coal sold?

F. 334.

7. On what principles are the ordinary profits of farming determined?

F. 326, seq.

8. It has been said that the price of agricultural produce tends to rise as population increases. How is this tendency frequently counteracted?

F. 127.

9. 'People will not continue investing their capital if they cannot realise upon it an adequate profit.' (Fawcett, 331.)

Account for the apparent exceptions furnished to this principle by mining enterprise, and by any other departments of trade with which you are acquainted.

F. 483. A. S. vol. ii. 141, seq.

CHAPTER IV.

ON THE PRICE OF MANUFACTURED COMMODITIES.

1. Flax is an agricultural product, and linen cloth is woven from flax. Account for the difference in the considerations which regulate the price of the one as compared with the price of the other.

F. 337.

2. Why is it incorrect to say that the price of a commodity is affected by the rate of wages and profits in the particular trade in which it is produced?

F. 340. A. S. i. 154, and note. A. A. S. 62.

3. In what cases does the progress of improvement tend to reduce, and in what cases to augment, prices?

As a rule it tends to reduce prices in the case of the third, and to augment prices in the case of the first and second classes (cf. Fawcett).

4. Illustrate the principle that 'The cost of production, in the case of manufactured goods, may diminish as the supply increases.'

F. 339.

5. What is meant by the following proposition: 'The actual oscillates about the natural price'?

F. 342.

6. In what way does a great and sudden demand modify the general principles regulating the prices of manufactured goods?

F. 344. A. A. S. 62, note.

7. It has been said that it is easier to expand than to contract a manufacture. Explain and comment on the results that follow from this fact.

This state of things arises from the great amount of fixed capital involved in the form of machinery. Hence, of all commodities, manufactures remain for the shortest time in advance, and for the longest in arrear, of any movement in prices.

CHAPTER V.

ON MONEY.

1. Define Money.

F. 350. B.P. xi.

2. What are the chief epochs in the history of money?

A. S. i. 23–28.

3. State reasons for and against a seignorage on coinage.

Vide *post*, Chap. VI., Quest. 6.

4. What is the origin of the use of money? Explain the errors which have been most prevalent with regard to the coinage and the abundance of the precious metals?

F. 350, seq. A. S. vol. ii. 12.

5. Why have metals come to be the general medium of exchange? For what reasons did the value attached by Europeans to gold appear extraordinary to savages, and whence arises that difference of economic conditions which Adam Smith asserts would have explained this difficulty?

F. 353, seq. A. S. i. 185.

6. Why has silver within the last twenty years been so largely replaced by gold in pecuniary transactions in France?

F. 360.

7. The same quantity of money cannot long remain in any country in which the value of the annual produce diminishes. Examine this position.

See for a case of 'money' diminishing and value of annual produce remaining at least equal, A. S. vol. i. 296.

What if 'confidence' diminished in the same ratio as the annual produce?

8. What would be the effects in England of—(1) Excessive issues of Bank of England notes, or (2) General discoveries of rich gold fields?

(1) Note that bank-notes are convertible into gold on demand. Hence the case would be similar to that commented on by A. S. vol. i. 299, seq.

(2) See F. iii. 15, *passim*; and 410, 490.

9. 'Of gold and silver in the shape of money no nation has more than what is in proportion to its exchangeable commodities.' On what principle is this dictum based? Is it absolutely true?

If by 'proportion' is meant 'some proportion' the proposition is (probably) always true.

But if by 'proportion' is meant 'any definite proportion' it is false. See F. 366, seq.

10. Discuss the arguments in favour of the substitution of a paper for a gold currency.

See *Ricardo's* pamphlet on 'Secure and Economical Currency,' in his 'Works' by M'Culloch. F. iii. 11, *passim.* A. S. vol. i. 321–2. M. 3. 11, and 3. 24 4.

11. Explain and illustrate the injuries arising from a depreciated coinage, and examine the efforts to reform the currency in the reigns of Edward VI. and William III.

M. 3. 7. 2. A. S. i. 4, 28. See (for Edward VI.) *Froude's*, and (for William III.) *Macaulay's* Histories of England.

12. What are the relative advantages to a nation of the possession of gold and silver mines, as against mines of copper and iron, as a matter of commerce.

N.B.—Gold and silver always command a ready sale, which is not the case with copper and iron.

13. Explain what is meant by a double standard of both gold and silver, and give the principal arguments for and against it. Illustrate from the French system.

F. 486-7. 8. 358. M. 3, 10.

Chief arguments for: 1. Absence of fluctuations of prices due to accidental plenty or scarcity of metal selected as standard; 2. The danger lest demonetization of either should cause a universal fall in prices.

Against: Creditors liable to be injured by any variation in the comparative value of either metal.

14. Herbert Spencer is of opinion that the coinage of metallic money by Government is unnecessary, and that the trade might safely be left like others to the competition of private persons. Explain the arguments for and against this plan.

The arguments for are those usually advanced against the unnecessary interference of Government.

For those against, M. 5. 11. 7–8. B. P. 369.

15. Define precisely a Pound Sterling of our currency, and trace the circumstances which led to the establishment of the British System of Currency.

B. P. 368. A. A. S. 17 (note).

Notice particularly the over-valuation of the guinea in 1717, whence the double standard became nominal. The legislation of 1816 did but turn a custom into a law.

CHAPTER VI.

ON THE VALUE OF MONEY.

1. Explain the ambiguity attaching to the term 'Value of Money.'

F. 361.

2. 'The price of gold is fixed by law.' What is the meaning of this statement?

F. 362. B. P. 367. He regards the statement as totally false.

3. 'The supply of gold has so much increased that the Mint ought no longer to give 3*l.* 17*s.* 10½*d.* for an ounce of it.' Examine this statement.

F. 363. Shadwell, 263.

4. 'Gold and silver having been chosen for the general medium of circulation, they are, by the competition of commerce, distributed in such proportions amidst the different countries of the world, as to accommodate themselves to the natural traffic that would take place if no such metals existed, and the trade between countries were purely a trade of barter.' Test this statement.

N.B.—As a preliminary, carefully consider the meaning of the terms employed.

5. 'Money has again been in limited request at from 2 to 2½ for best short paper.' Explain this, and give the different senses in which the word 'money' is popularly used, distinguishing the proper meaning of the term.

F. 361.

6. 'Coins charged with a seignorage equal to the expense of coinage do not pass at a higher value than what naturally belongs to them, but at that precise value; whereas if the expense of coinage be defrayed by the state, coins pass at less than their real value.' Comment on this.

A. S. vol. ii. 129. Shadwell, 281.

7. Sketch the growth of the power of Government over the currency.

In answering this question, trace the gradual limitation of the 'Jus cudendæ monetæ' to the central government in all parts of Europe.

8. 'Moderately cheap money is beneficial in every way to trade.' In what sense is the word money here used, and in what way is the proposition true? What are the limits of a wholesome cheapness of money?

F. 361.

Note, that a (permanently) low rate of profit is a symptom of the approach of the 'stationary state,' for which see M. 4. 6.

9. Locke attributed the fall in the rate of interest between the fifteenth century and his own time to the fall in the purchasing power of money caused by the discovery of the American mines. Is this in your opinion a true explanation? State the arguments for and against it.

For: *Locke*, Considerations of the Lowering of Interest, 6. *M'Leod*, Principles of Economical Philosophy.

Against: A. S. vol. i. 357. *Hume*, Discourse on Interest. F. 490.

10. It has been supposed that as long as the Bank of England is bound by law to purchase standard gold at 3*l.* 17*s.* 9*d.* per oz. the value of gold cannot fall. Show the erroneous nature of this proposition.

F. 362, seq.

11. In the year 1848 a writer of ability published a volume of 'Lectures on the Nature and Use of Money,' and offered a prize of 100 guineas to anyone who should 'refute its contents.' On page 69 this passage occurs: 'It is absolutely necessary to the natural development of the wealth of nations, and to the well being of society, that money should increase just precisely as fast as all other marketable commodities, but no faster.' Point out any fallacy that you can detect in the foregoing words.

Notice the inconsistency of the above opinion with the functions of the Banker's Clearing House.

12. Show that the total amount of money tends to increase with an increase of wealth and population.

In what way is this tendency sometimes counteracted?

F. 367, seq.

13. What is meant by the phrase 'Appreciation of Gold'? In what cases will gold 'appreciate' as a nation progresses in wealth?

'Appreciation' is opposed to 'depreciation.'

F. 480, 484.

If the number of transactions that must be settled by means of gold increase and the supply of gold do not.

CHAPTER VII.

FOREIGN COMMERCE OR INTERNATIONAL TRADE.

1. State and examine the grounds upon which Adam Smith concludes that foreign is less profitable than internal trade. Show in what manner his mistake arose.

A. S. vol. i. 370, seq.; vol. ii. 26, seq. Ricardo, xxvi.

2. Show the mischievous effects of a bounty on the exportation of corn.

A. S. vol. ii. 82, seq.

3. Consider the bearings, unfavourable as well as favourable, of the English connection on the industrial condition of India.

4. What is the economical effect on the surrounding country of the rise of an important manufacturing town?

See question on Ricardo's Theory of Rent. A. S. vol. i. 338.

5. What was to be said, on economical grounds, for and against the exclusive commercial privileges formerly granted to the Hon. East India Company?

A. S. vol. ii. 218, seq. Compare also the account given of the contest between the Old and New East India Companies in *Macaulay*, History of England.

6. Consider the effects of the American Civil War on the economical condition of the States and of other countries.

Notice particularly the effects of (1) the abolition of slavery; (2) the great waste of capital in the operations of war.

7. Examine the following statements:—

(1.) 'A protective tariff causes both labour and capital to be wasted.'

A. S. vol. ii. 29, seq.

(2.) 'Colonies are useless since the introduction of free-trade.'

A. S. vol. ii. 164, 196–208. The dissertation contained in these twelve pages is perhaps the most luminous exposition ever given of the causes which prevent reconciliation after formal separation. Such a reconciliation would usually benefit all parties, excepting the leaders of the secession; accordingly, the latter are always opposed to a measure sure to diminish their importance. See, for example, the conduct of the Presbyterian ministers in 1689 (Macaulay, xi.), and of the Free Church ministers in Scotland at the present time. Reconciliation with the Establishment would diminish their importance, and they naturally clamour for Disestablishment.

8. Are India and China wealthy countries or not? Account for any popular errors on this subject.

Neither India nor China are wealthy countries. See *Macaulay*, Essays, 'Clive' and 'Warren Hastings.'

As to the cause of A. S.'s error on the point, see M'Culloch's footnote to book i. cap. 9. Another reason for the error is to be found in the splendour in which Eastern potentates habitually live. A. S. i. 216.

9. Trace the reciprocal influence of the town and the country in the development and remuneration of industry.

A. S. vol. i. 131; 381–4; vol. ii. 262.

10. Criticise the arguments commonly adduced in favour of (1) a protective tariff; (2) reciprocity.

On what principle does free-trade rest? Discuss the opinion that free-trade without reciprocity is undesirable.

N.B.—For a careful discrimination of the senses in which the phrase 'free-trade' is used, see B. P. ix.

As to (1): A. S. vol. i. 375, and vol. ii. 1–22. B. P. 313, seq. Shadwell, 495, seq.

As to (2): A. S. vol. ii. 68. F. 394.

11. On what grounds has the theory of free-trade been objected to in Europe and the Colonies? What political and social difficulties attend the abolition of protection when once established?

B. P. ix. A. S. iv. i. vi.

12. Why was the commercial system less prejudicial to the condition of the English than to that of the Spanish and Portuguese colonies? Compare the colonial systems of England, France, and Spain.

A. S. iv. vii. *Robertson*, History of America. Shadwell, iii. 10.

13. Estimate the advance of economical knowledge as illustrated by the administration of France, (1) under Colbert; (2) under Turgot.

A. S. iv. ix. Twiss, lect. iii. and v. *Encyc. Britannica*, art. Turgot.

14. Compare the systems of the Dutch and English East India Companies, as to trade, with that of the Portuguese previously; and give Adam Smith's reasons to prove that it is always advantageous to carry the precious metals from Europe to India.

A. S. vol. ii. 22, 101, 213.

15. Under what political or social conditions have monopolies and bounties been defended? What is to be said for them?

See *Macaulay*, History of England, for account of the struggle between the Old and New East India Companies.

A. S. vol. ii. 31, 214, 339; and 79, 98. M. 5. 10. 1 and 4.

16. What are the moral and economic evils arising out of (1) smuggling; (2) blockade-running.

As to (1): The habit of breaking even the most unreasonable law tends to make men altogether lawless; whilst if the law

broken be beneficial to the state the economic evils are obvious enough.

A. S. vol. ii. 496.

As to (2): Although blockade-running is in itself no breach of municipal, it is of international law, and subjects the offender to confiscation, to resist which by force turns the blockade-runner into a pirate.

See *Wheaton*, Elements of International Law.

But in an economical point of view blockade-running is often beneficial; the blockade, not the breach, being the economic evil.

17. Trace the effect of economic causes in bringing about the fall of the power of Spain.

See the Stanhope Essay for 1867, On the Causes of the Decline of Spain, by *G. H. West.*

18. What are the advantages of international commerce? Explain under what conditions such a commerce can arise, and how the price of the interchanged articles will be arrived at.

F. iii. 7. M. iii. 16 and 17.

19. 'England pursued trade and forgot revenue.' Comment upon this view which Burke takes of the operation of the Navigation Act.

A. S. vol. ii. 36, seq.; 176, seq. M. 5. 10. 1. Shadwell, 503, seq.

20. Trace and explain the effects of Colbert's colonial system, discussing the advantages to be legitimately derived from a large colonial empire.

Twiss, lect. iii. *Sismondi*, Histoire des Français, xxviii.

21. On whom does the cost of carriage fall in international trade? Give the general formula of the effect produced by the introduction of a new element into the calculation.

F. 395, seq. For a very clear illustration see Mrs. Fawcett's abridgment. M. 3. 18. 3.

22. Explain the mode in which supply and demand are equalised in foreign trade. If one of the trading countries reduce the cost of producing its commodities, does it necessarily reap the whole advantage?

F. 382.

23. Are all classes invariably benefited by free-trade? Is it possible that a particular class may be injured? Is protection to a nascent industry ever justifiable?

F. 390, seq. M. 5. 10. 1. R. 235.

24. The imports of England permanently exceed her exports; the exports of India permanently exceed her imports. Under normal circumstances foreign trade is an exchange of equivalents. Account then for the apparent anomaly, and explain the error lurking in the expressions 'favourable' and 'unfavourable' balance of trade.

F. 402.

The terms 'favourable' and 'unfavourable' are relics of the mercantile system; it being supposed that an accumulation of the precious metals in a country was advantageous to it, and an excess in the value of exports over the value of imports likely to cause such an accumulation.

25. What is meant by the 'equation of international trade'? How far, according to Mill's theory, is an English manufacturer justified in fearing the competition of foreign artisans on account of their low rate of wages?

M. 3. 18. 4; 3. 2. 4; 2, 15, 7.

As to 3. 2. 4, exception may be taken to the expression, in substance, 'Not a ratio, but an equation'; for there may be such a thing as the ratio of equality. Nor is 'exact' the same as 'precise'; for an equation may be founded on demonstrative reasoning, even though it be impossible to assign numerical equivalents to each of the factors. This distinction appears to have been first made by Comte.

26. Discuss the arguments for and against commercial treaties.

A. S. vol. ii. 122, seq.

The chief argument for commercial treaties is the approach they make *in practice* to free-trade.

The chief argument against is the encouragement they give *in theory* to the fallacies of reciprocity.

27. The French Government, in order to encourage the manufacture of sugar and the cultivation of beet-root, give what virtually amounts to a bounty on the export of sugar. Trace the effects of this bounty on the French and English manufacturers of sugar, and also upon the French and English public generally.

M. 5. 10. 1. A. S. iv. v.

CHAPTER VIII.

ON THE TRANSMISSION OF THE PRECIOUS METALS FROM ONE COUNTRY TO ANOTHER.

1. 'The great wheel of circulation is altogether different from the goods which are circulated by means of it.' Explain, discuss, and illustrate.

A. S. vol. i. 287, seq.

2. Trace the effects on trade and commerce, up to the present time, of the introduction of a gold coinage in Germany.

Notice—1. Tendency to 'appreciate' gold. 2. Tendency to depreciate silver in comparison with gold and thus derange the exchanges, the Question in particular. 3. By the introduction of a fresh element of uncertainty into mercantile transactions, to depress trade.

3. Compare the influence on Europe of the gold discoveries of the 16th century with that of those of the 19th.

Compare Stanhope Prize Essay for 1867, 'On the Causes of the

Decline of Spain,' with F. 15 and 16, as to the question whether the said discoveries influenced the rate of interest.—Vide iii. 6, question 9 of this book.

4. How has the influx of the precious metals affected countries at different times?

N.B.—Distinguish carefully between the effects of the said influx when commerce is nearly stationary and when it is rapidly progressive.

F. 479–513.

5. How far or under what circumstances do you consider that a Mint charge causes the value of a coin to exceed the value of its material?

A. S. vol. ii. 128, seq.

6. Estimate the advantages and disadvantages of a 'Double Standard.'

F. 358. M. 3. 10.
Shadwell, iii. 3.

CHAPTER IX.

FOREIGN EXCHANGES.

1. State what is meant by 'the Exchange being against England.'

F. 418, seq. B. P. 391, seq.

Note.—An 'unfavourable' exchange is really such to bankers and merchants, compelling (whether from the necessity of things or of compliance with popular prejudice is of no moment so far as the *fact* is concerned) the former to restrict their advances and the latter to pay a higher rate of interest.

2. Explain the nature of a Bank Note and of a Bill of Exchange. Does the use of either increase the national wealth?

A. S. vol. i. 321, seq. A. A. S. 106.
Shadwell, 318–321.

3. Explain the machinery of international exchange.

F. iii. 9. M. 3. 20.

4. Why does the rate of discount so often differ so widely in neighbouring European countries? If it cost ½ per cent. to import gold from Paris, it may remain unimported, even though our rate is 2 per cent. above that of Paris. Why is this, and why may there be a still greater difference between countries with different standards?

Compare M. 3. 23. 2, with F. 457.

5. What is the effect on the exchange of *lending* money to a foreign government?

M'Leod, Theory and Practice of Banking, vii. 11.

6. Is there reason to believe that when a country has exacted after a successful war such an indemnity in gold from the enemy as is far in excess of the costs incurred in the war, that the sudden acquisition of so large a power of purchase is a benefit to the nation which obtains it? Prove your answer by the laws which regulate capital, wages, and prices.

B. P. 380. 'Contemporary Review, April, 1877.'

CHAPTER X.

THE FUNCTIONS OF CREDIT.

1. Examine the following proposition, 'Credit is not capital, excepting in a metaphorical sense.'

F. 426.

M'Leod, Economics for Beginners, iv.

2. It has been proposed to contract small credits by a law rendering shop debts irrecoverable after a short

period. Discuss the advantages and disadvantages of such a proposal, and its probable effects on the distribution of capital.

As to the moral effects of such a measure read M. 5. 10. 2, and 5. 9. 8.

Commercially, any diminution of credit would tend to favour large capitals.

3. The punctual meeting of all financial engagements is admitted to be one of the first duties of the merchant. How far is the case of the banker who incurs liabilities which (if all claims were presented at once) he could not meet an exception to this rule? How and how far is this exception to be justified?

A. S. vol. i. 291. B. P. 453, seq.

4. In what way does credit aid the production of wealth?

M'Leod, Economics for Beginners, 5, 9, and Principles of Economic Philosophy.

Shadwell, 318.

5. Illustrate from history the important assistance given by credit to the execution of public works.

M'Leod, Theory and Practice of Banking, vi. 24.

CHAPTER XI.

THE INFLUENCE OF CREDIT ON PRICES.

1. Explain in what manner and to what extent banking operations are capable of augmenting national industry.

A. S. i. 321. *M'Leod*, Theory and Practice of Banking, vi. 24.

2. Give an account of the Banking Act of 1844. How is the circulation of Private Banks limited at

present? State the leading arguments for and against the continuance of the Act.

F. 442. B. P. 419, seq. *M'Leod*, Theory and Practice of Banking, x. 11, seq.

3. Why and to what extent is legislative control over the issue of paper money desirable.

A. S. vol. i. 324, seq. R. 45, seq.

4. What was the origin, and what are the present functions of the Bank of England? Describe at length its historical relations with the Government, and point out the economic results that follow from its exceptional position.

A. S. 319–21. See *Macaulay*, History of England, cap. xx. and xxi., for a clear account of the foundation and early struggles of the Bank. Twiss, lect. iv.

5. Explain the nature of Bills of Exchange, and their effects on commerce.

F. 430 and 434. M. 3. 11. 4. See *Byles*, On Bills of Exchange. A. S. vol. i. 309. *Thornton* (*Henry*), Enquiry into the Nature and Effects of the Paper Credit of Great Britain, 24.

6. Is the practice of making payments by cheques economically recommendable or not?

F. 433. M. 3. 11. 6. Shadwell, 328.

7. Explain the different means by which a paper currency can be kept on a par with gold.

If the paper currency be convertible into gold on demand there is no difficulty.

As to the means by which an inconvertible currency may be kept at par, see M. 3, 13, 2.

8. How does the circulation of promissory notes

cause gold and silver to be exported? What are the effects of such exportation.

A. S. vol. i. 291, seq.

9. Compare the collapse of the Scottish banking system in the last century with recent catastrophes in both England and Scotland.

A. S. vol. i. 314, seq. For account of Scotch banking system, see *M'Leod*, Theory and Practice of Banking, xi.

10. Has the extension of the use of instruments of credit in Europe in the last twenty years raised prices, or only economised coin in your opinion, and why?

A. S. vol. i. 326.

Note the difference between raising prices and preventing them from falling.

11. Do you or do you not think that a rise or fall in the market price of English railways on the London Stock Exchange makes England richer or poorer?

Note.—Distinguish between the *cause* and the *indication* of a particular state of affairs.

12. Give some of the principal arguments for and against a law allowing all bankers to issue bank-notes entirely at their own discretion.

For: See *Herbert Spencer*, 'State Tampering with Money and Banks,' and 'Social Statics.'

Against: *Tooke*, History of Prices, 3, 4, 3. R. 226. A. S. vol. i. 325, seq.

13. What is the argument in favour of suspending the Bank Act in a commercial crisis? and in favour of and against incorporating a general relaxing clause for such cases on the Act of 1844?

F. 445. B. P. 475, seq. M. 3. 24. Shadwell, 379, seq.

14. The issue of one pound notes, like those current in Scotland and Ireland, has sometimes been proposed as a remedy for the scarcity of capital indicated by a rise in the Bank rate of discount. What is your opinion of this proposal?

A. S. vol. i. 307. M. 3. 24. 2. *M'Leod*, Theory and Practice of Banking, xii. 62.

15. Is commercial failure or bankruptcy the result of giving credit or of taking credit? In either case state the reason and the practical lesson.

M. 5. 9. 8.

16. Mention some of the more notable instances of the depreciation of an inconvertible currency. Explain the difference with respect to liability to depreciation which is considered to exist according to the mode of issue, whether by Government payment or upon loans by a bank. How far does the plan of permitting inconvertible notes to be funded at a specified rate of interest appear to you to be calculated to obviate the depression of the note?

M'Leod, Theory and Practice of Banking, viii. and xx. Shadwell, 17, seq., and 346, seq.

17. Prove from the nature of the case that a bank has no power of forcing its note circulation on a country, and the opinion that it possesses that power is analogous to the ancient delusion that a country could and should retain more of the precious metals than is necessary for the purposes of currency and exchange.

M. 3. 24. 1–2. A. S. vol. i. 300.

18. What political conditions are most favourable for the blowing of financial bubbles?

As to Accommodation Bills see *M'Leod*, Theory and Practice of Banking, vi. 28.

N.B.—As Real Bills arise only out of real transfers of property, their number must be limited by the nature of things. In the case of Accommodation Bills it is quite otherwise.

19. Point out the economical errors involved in the series of monetary transactions known as 'Law's Missisippi Scheme.'

Twiss, View of the Progress of Pol. Econ., Lect. iv. For refutation of 'Lawism,' see *M'Leod*, Theory and Practice of Banking, cap. xii., and Dict. of Pol. Econ., and Banking in France.

20. Describe accurately the financial measure known as the 'South Sea Scheme.' Point out its economical defects, and also explain how far it was sound.

What methods were adopted to alleviate the distress caused by it?

See *Mackay*, Extraordinary Popular Delusions.

21. Explain the sources of the stoppage of cash payments in 1797 and the subsequent necessity for their resumption in 1819.

M. 3. 13. 6. See *M'Leod*, Theory and Practice of Banking, chap. viii. 103 to end of chap. ix.

22. Comment on the dictum 'Free Trade in Banking is Free Trade in Swindling.'

Tooke, History of Prices, 3. 4. 3, p. 206. Shadwell, 358.

CHAPTER XII.

ON THE RATE OF INTEREST.

1. Why are sumptuary laws and laws regulating the rate of interest objectionable and inefficacious? Compare them (with reference to their real effect) with laws regulating the price of labour and provisions.

M. 5. 10. 2. *Bentham*, Defence of Usury. F. 223, seq. Shadwell, 436, seq.

2. What is the connexion between the price of land and the rate of interest?

F. 456. M. 3. 23. 5. A. S. vol. ii. 193.

3. What causes tend to determine the rate of interest?

M. 3. 23.

4. State and examine Adam Smith's Theory of Interest. To what extent can legislation affect the rate of interest?

A. S. i. 357, seq.

5. What light does Adam Smith throw on the financial causes of the French Revolution? To what extent did financial causes aid in bringing about that catastrophe?

A. S. vol. ii. 499–506 and 518. *Alison*, Hist. of Europe.

6. 'A breed of barren money.' Point out the fallacy involved in this attack upon usury.

R. 140. Shadwell, 436.

7. Does a prosperous state of trade always accompany a low rate of discount?

B. P. 498. 'One per Cent,' Contemporary Review, April, 1877.

8. A recent French biographer of Turgot remarks, 'Money is subject to the general law of supply and demand; the more abundant it is, on the cheaper terms it is lent; the lower the rate of interest, the less of produce can it purchase. On the contrary when it becomes scarce, the rate of interest rises, and the power of purchase becomes greater.' What comment does this passage suggest?

Is 'distrust' as compared with 'confidence,' quite foreign to the 'Law of Demand and Supply' in the case of 'Money?'

M'Leod, Principles of Econ. Philos. As to last part of question see Mill, iii. 24. 4.

9. 'What commerce wants is a definite and explicit assurance that it shall not be strangled through an absolute *dearth of that* circulating medium which is its very breath. Merchants will scarcely care what rate they pay; they only require to know that their solid security is preserved from inconvertibility, resulting entirely from the operation of our cast iron currency law.' Comment on this passage from a 'respectable journal.'

M. iii. 23. *M'Leod*, Theory and Practice of Banking, xii. 55, seq.

10. What is meant by the 'effective desire of accumulation'? Give instances of the extent to which it varies under different circumstances. How far does the current rate of interest afford an accurate criterion of the ordinary rate of profit?

M. i. 11. 2. F. 463.

CHAPTER XIII.

ON THE TENDENCY OF PROFITS TO FALL AS A NATION ADVANCES.

1. How far can legislation affect the rate of interest? What circumstances cause the profits of capital to increase or diminish?

F. 461, seq.

2. How far is the progress of wealth in a society essentially conducive to the interest of the landowners?

M. 4, 3. R. 167.

3. 'The rate of profit is naturally low in rich, and high in poor countries, and it is always highest in the countries which are going fastest to ruin.' Examine this statement.

A. S. i. 264. A. A. S. 97.

4. Illustrate from Gibbon the industrial resources and financial system of the Byzantine Empire in the tenth century.

Gibbon, Decline and Fall, cap. 53.

5. Why is it that both interest and wages are lower in England than in Australia?

F. 470. A. S. vol. i. 102. M. 2. 11. 3.

6. What are the causes which mainly determine the rate of wages?

How is it affected either by the introduction of machinery or the price of provisions?

M. 2. 11; 4. 3; 4. 4. 2. R. 63, seq.

7. Explain the apparent prosperity of England which accompanied the augmentation of the National Debt during the French wars.

As to landowners and farmers, see M. 3. 23. 5.

„ capitalists, M. 1. 5. 8, note.

8. The rate of profit has been said to be considerably higher in the United States than in Great Britain, although the rate of wages is higher in the former county, and the labourers are to a great extent British. How do you account for such a state of facts? Bearing it in mind, state the conditions which determine the rate of profit in a country.

A. S. vol. i. 73. A. A. S. 32. M. ii. 15.

9. Explain the connexion which exists in certain cases between high prices, high wages, and high profits.

A. A. 62, note. F. 345.

10. Comment on the advantages and disadvantages of 'the stationary state.'

M. 4, 6. A. S. vol. i. 74, seq.

11. It has been said that the rate of profit in Australia is regulated by the rate of profit obtained by agriculture. Explain and comment.

F. 62. 108. 121. 491. A. S. vol. i. 383, seq.

CHAPTER XIV.

OF OVER PRODUCTION OR EXCESS OF SUPPLY.

1. Explain the various theories which have been propounded by political economists in reference to overproduction, and point out any fallacies due to ambiguous terms which you discern in them.

F. 473, seq.

Distinguish between 'overproduction' from producer's and from consumer's point of view.

2. What is the real temptation induced by low profits?

F. 476.

CHAPTER XV.

ON THE RECENT DISCOVERIES OF GOLD AND SILVER.

1. Is the discovery of gold in Australia a gain or a loss to England?

F. 485. A. S. vol. ii. 141, seq. Shadwell, 218.

2. What are the circumstances which lead to the melting down of coin?

A. S. vol. i. 303.

3. What are Adam Smith's general conclusions as to the variation in the value of silver from the fifteenth to the eighteenth centuries? Have later researches confirmed his view?

A. S. vol. i. 33, 187-227; vol. ii. 81, 85.

4. 'The high value of the precious metals can be no proof of the poverty or barbarism of a country.' What exception does Adam Smith make from this rule? Do you entirely agree with him?

For passage, see A. S. vol. i. 251. See also A. S. vol. i. 183. 248; ii. 1–25.

5. Judging from the past, do you consider that the time has arrived at which the recent gold discoveries might be expected to have produced a sensible effect on the price of that metal?

F. 482. *Cairnes*, Essays. *Jevons*, Fall in the Value of Gold; and Variation of Prices since 1782 (Journal of Statistical Society, 1863). Shadwell, 200, seq.

6. What was the effect of the discovery of America on prices and production in Europe? Was there any

large displacement in the employment of capital in the Tudor reigns?

A. S. vol. i. 187–227. *West*, Causes of the Decline of Spain (Stanhope Essay, 1867). *Thornton*, Over-Population and its Remedy, 189.

7. In what ways have alterations taken place in the value of coin at different times? And what have been the effects of such alterations, if (1) arbitrary; or (2) natural?

For (1): A. S. vol. i. 40–48, 205, 187, seq.
(2): A. S. vol. i. 203, seq.

8. Some writers believe that a higher range of prices since the discovery of the new gold mines is to be accounted for, in part, by an extension of credit. State your views with respect to the soundness or otherwise of that opinion.

F. 430–50.

9. What would be the effect of a great depreciation of money by new gold mines (and why) on—

α. The price of government stock?

β. The price of land?

γ. The price of manufactured articles of gold?

For *α* and *β*: F. 491.
γ: Shadwell, 219.

10. All agree in thinking that a bad harvest is a misfortune—some on the ground that it is followed by an exportation of gold to buy corn; others because it amounts to an enormous waste of capital. State and defend your views on the point.

A. S. vol. ii. 1–25. Twiss, 29–31.

11. It is maintained that the gold discoveries tend to lower the price of loans, as they increase the amount of

unemployed, as distinguished from employed capital. It has also been maintained that the waste of wages-paying capital in producing superfluous gold must diminish the supply of capital, and therefore increase the price of loans.

Give your opinion on the question, and state the test which you propose to apply.

A. S. vol. i. 357 ; ii. 141.

12. It has been said that the effect of the gold discoveries has been rather to alter the distribution of wealth in the world than to increase it ; also that their direct effect has been to diminish the wealth of the world, the indirect vastly to increase it. Discuss these statements.

See *Cairnes*, On the Gold Discoveries.

13. What is the blunder involved in measuring the cost of production of gold by the pecuniary outlay of gold required to produce a given amount? What would that pecuniary outlay on a certain amount really measure?

14. What are the great practical difficulties in the way of ascertaining whether gold has fallen in value in consequence of the gold discoveries? Why is the price of silver a very inadequate test?

As to the former part of the question, notice that gold is the common standard of value, and as to the latter part that silver is itself liable to violent fluctuations.

15. What economical benefits are derived by the United Kingdom from the possession of such colonies and dependencies as are not necessary to the military system of the country.

A. S. vol. ii. 164, 196–208.

Note the facilities given to emigration by similarity of law, language, &c., in the earlier, and by sentimental fondness for the flag, &c., in the later stages of the connexion.

CHAPTER XVI.

THE DEPRECIATION IN THE VALUE OF SILVER.

1. Explain the causes which produced the recent depreciations in silver, and trace the effects of the depreciation in—

α. Such a country as England having a gold standard.

β. In France, which has a double standard.

γ. In India with special reference to the financial and commercial relations existing between India and England.

F. 495–513.
As to (*β*), see M. 3. 10. 1.

2. How do you account for the fact that although the increase in the production of silver has been smaller than the increase in the production of gold within the last thirty years, the fall in the value of silver has been much more marked than the fall in the value of gold?

F. 496–501.

3. Discuss the question of the relative value of gold to silver in different historical periods.

F. 503.

4. In what way is the depreciation of silver likely to embarrass the Indian government?

State and discuss the remedies that have been proposed for such a condition of affairs.

F. 506–13.

BOOK IV.

TAXATION.

CHAPTER I.

ON THE GENERAL PRINCIPLES OF TAXATION.

1. State and explain Adam Smith's canons of taxation.

F. 519. A. S. vol. ii. 414. M. 5. 2. 2. R. 273, seq.

2. Point out the difficulties which attend the application of Adam Smith's canons of taxation to practice.

F. 520, seq. A. S. vol. ii. bk. 5, chap. ii. M. 5. 2. 2–4.

3. Trace the changes in the principles of taxation consequent on the improved knowledge of Political Economy.

F. 553.

4. Distinguish between 'income' and 'ability to pay.'

F. 521. R. 278, seq.

5. Taxes often produce effects not contemplated by those who impose them. Give examples.

R. 290. A. S. vol. ii. 160.

CHAPTER II.

ON THE INCOME-TAX.

1. State briefly the advantages and disadvantages of an income-tax.

M. 5. 3. 5. R. 294.

2. State the arguments for and against exempting savings from the income-tax.

M. 5. 2. 5. R. note to A. S. vol. ii. 441.

3. State the arguments for and against discriminating between permanent and temporary incomes in their assessment to the income-tax.

F. 528. 533. M. 5. 2. 5.

4. Examine the schemes which have been proposed for the adjustment of the tax.

F. 542. M. 5. 3. 5.

5. What is meant by the term 'incidence of taxation'? In what manner may the incidence of the income-tax vary?

F. 537. M. 5. 3.

6. Explain Mr. Mill's plan for partially relieving from the tax persons of moderate incomes.

F. 542. M. 5. 2. 3.

7. What is meant by 'graduation of the income-tax'? State the arguments for and against such a proposal.

F. 543. M. 5. 2. 3.

8. In what way is an income-tax injurious to the morals of the people?

F. 545. M. 5. 3. 5.

9. Trace the results to the whole nation, or to any class of the people, of a considerable annual appropriation towards the reduction of the national debt.

F. 538. Rogers, p. 317, seq. M. 5. 7. 3.

CHAPTER III.

TAXES ON COMMODITIES, AND OTHER INDIRECT TAXES.

1. State accurately the distinction between direct and indirect taxation, and their respective advantages and disadvantages.

F. 547, seq. M. 5. 6. Ricardo, ch. xxix. R. ch. xxii.

2. 'Where the landowners are supreme, the taxation will be mostly indirect; where the working classes have the majority, direct.'

Examine this statement, and illustrate it from history, pointing out the dangers likely to arise from exclusive reliance on either form of taxation.

See *Gibbon*, Decline and Fall, and *Finlay*, Greece under the Romans, for Roman system of taxation under the Empire. The earlier chapters of *Alison*, History of Europe, and *Sir J. Stephen*, Lectures on the History of France, serve to illustrate the connexion of the Roman with the older French system. Notice that direct taxes do not, as a rule, *directly* affect the 'working' classes.

3. Why should taxes be levied, not on the raw material, but on the manufactured goods?

F. 555. A. S. vol. ii. 473.

4. Examine the effects of restraints on exportation. Can they be expected, in the long run, to diminish prices or promote plenty?

F. 557, seq. A. S. vol. ii. 114.

5. Explain what were Mr. Pitt's financial measures, and show that grave economic errors were involved in them.

For an explanation and *defence* of Pitt's system, see *Alison*, History of Europe. His chief economic errors were: (1) Taxation of improper objects. (2) Taxes on trifling objects which could not repay cost of collection. (3) The juggle of the 'Sinking Fund.'

6. Trace the changes in the principles of taxation consequent on the improved knowledge of Political Economy.

F. 553. M. 5. 6. 3.

7. Discuss, with reference to the incidence of taxation, the advantages of excise or customs.

A. S. vol. ii. 480–5.

8. Trace the various effects which would result from the imposition of an export duty on coal in England, or on cotton in the United States.

F. 557, seq. M. 5. 4. 6.

9. What is your opinion of the argument that taxes on tea, sugar, and beer fall as heavily on the owners of large establishments as on labourers, inasmuch as the former have many servants to feed? Upon whom does the burden of the Malt Duty really, or chiefly, fall?

A. S. vol. ii. 460, seq.

10. In what respect did the late duty of a shilling a quarter on foreign corn violate Adam Smith's maxims of taxation?

Rogers, Political Economy, 485. Note to A. S. vol. ii. 117.

11. How are consumers in England affected by import duties abroad on English manufactures?

F. 559, seq. M. 5. 4. 6.

12. If a tax be laid on the exportation of gold from a country possessing fertile gold mines, but not being the only source of supply, what will be the incidence of the tax?

A. S. vol. ii. 86.

13. Distinguish between the principle of *ad valorem* duties on sugars and duties varying in proportion to the amount of sweetening material contained in sugars. Which is the more consistent with economical theory? What is the objection to a uniform duty in this particular case, and to *ad valorem* duties as a general principle?

Of course a uniform duty without reference to the sweetening properties of the sugar tends to discourage the importation of all sugars not of maximum sweetness.

See also A. S. vol. ii. 161.

As to *ad valorem* duties, see F. 550.

M. 5. 6. 3. It may be doubted whether the common argument against a uniform duty, viz. that it weighs on the cheapest qualities of goods, and consequently on the poorest classes of the people, has any foundation. Several retail grocers, in different parts of England, have assured me that the *poorest* classes often purchase the most expensive varieties of tea and other provisions.

14. Show from the natural incidence of taxation that the practice of raising a portion of exceptional expenditure by a loan is inevitable, and that an attempt to obtain all the supplies by imports would, under ordinary systems of finance, be inequitable.

M. 5. 7. and 1. 5. 8. See also M. 4. chs. iv. and v.

15. 'An increased importation of wines would cause an increased demand for English goods, and give more employment to the industrious portion of the nation. Thus the labouring classes would derive benefit from

the remission of the duties on wine, even if they did not drink it.' Comment on the above statement.

F. 557, seq.

16. State and comment upon Adam Smith's 'Four Canons of Taxation.'

F. 519, seq. A. S. vol. ii. 414, seq. M. 5. 2. R. ch. xxi.

CHAPTER IV.

ON THE LAND TAX AND POOR-RATES.

1. Explain the nature of a land tax.

F. 569. A. S. vol. ii. 417–32. M. 5. 3. 2.

2. What are the advantages and disadvantages of a government retaining the right of property in the soil, and raising its revenue in the form of rent?

F. 570. A. S. vol. ii. 429, seq. M. 5. 3. 2; 5. 2. 3; 2. 16. 1.

3. By whom is the land tax really paid? Point out the difference between the effects of a land tax exceeding, and a land tax not exceeding a rack rent.

F. 570–1.

4. Explain the effect of imposing a tithe on agricultural produce. In what way is it possible that tithe proprietors may have been injured by the Tithe Commutation Act?

F. 572, seq. A. S. vol. i. 393; ii. 399 and 428. M. v. 4. 3–4. N. S. 124.

5. Explain the difference between a tax on produce and on the rent of land; and show that the former appears to be equal, but is unequal; the latter appears to be unequal, but is equal.

A. S. vol. ii. 418 and 428. M. 5. 4. 5.

CHAPTER V.

THE POOR LAW AND ITS INFLUENCE ON PAUPERISM.

1. In what two distinct ways may the poor be relieved? State the advantages and disadvantages of the two methods respectively.

F. 574, seq. M. 5. II. 13.

2. Explain the evil effects of 'The Allowance System.'

F. 576. R. 124.

3. Sketch the history of the Law of Settlement, and explain its bearing upon the labour market.

F. 577, seq.

4. Trace the effect of a Poor Law on the rate of wages.

What details does Adam Smith give on this subject?

F. 581, seq. A. S. vol. i. 144–9. R. 126.

5. On what economic grounds may the existing Poor Law be defended, and on what principles ought it to be administered?

F. 578, seq. M. 5. II. 13.

6. Examine the condition of the labouring class in England in the half century preceding the Statute of Labourers.

See *Rogers*, Agriculture and Prices, and *Thornton*, Over Population and its Remedy.

7. Give a summary of the chief reasons for and against the existence of a Poor Law, with illustrations from the changes in British legislation regarding pauperism. Admitting that a Poor Law, well managed,

relieves destitution in the present, does it tend to prevent or to diminish the prevalence of destitution in the future? If not, to what other agency must we look?

F. 591. A. A. S. 55, note. M'Culloch's edition of 'Wealth of Nations' (fifth edition), 599. *Rogers*, Pol. Econ. 119.

8. The exemption of public charities from income-tax has been defended on the ground that the beneficiaries are rarely within the class liable to income-tax. Examine the validity of the argument, and discuss the reasons for exempting a fixed minimum from income-tax.

F. 589 and 542.

9. What are the advantages of outdoor and indoor relief respectively? In what way does the former tend to discourage prudential habits?

F. 578, seq.

10. Show that labourers are not without power to save, and point out the evil effects that would arise from employment being guaranteed to the poor by the Government.

F. 584 and 227.

11. What are the peculiar evils which are often encouraged by charitable endowments?

F. 589. A. S. vol. i. 139, seq.; ii. 344, seq. 363.

12. Give some examples of restraint placed on the growth of pauperism by the working (accidental or designed) of Particular Acts of Parliament.

F. 593. A. A. S. 55.[1] M'Culloch's edition of 'Wealth of Nations,' 599.

[1] The good effects of 9 Geo. I. c. 7, seem to have been manifested by the small increase of the poor-rate in the early part of the eighteenth century, notwithstanding the great increase of population.

Senior, Edinburgh Review, Oct. 1841 (reprinted in 'Essays'). *Bishop Coplestone*, Second Letter to Sir Robert Peel, p. 75.

13. What is meant by 'State Emigration of Paupers'? Give the arguments for and against such a scheme.

F. 594.

14. In what way do prudential habits promote high wages?

F. 597. M. 2. 13. 2–3.

15. State the arguments for and against the plan of allowing pauper labour to come into direct competition with free labour.

F. 598.

It is said that of late years certain trades have been *introduced* into this country by means of prison labour.

16. In what way do restrictions imposed on the labour of women encourage pauperism?

F. 599. M. 4. 7. 3.

CHAPTER VI.

LOCAL TAXATION.

1. Compare and contrast the recent increase of local with that of imperial taxation.

F. 601.

2. How are we to account for the constantly increasing importance and the constantly increasing complexity of the subject of local taxation?

F. 603–7.

3. In what way is the increase of local burdens connected with the spread of Socialistic opinions (recognised or unrecognised)?

F. 608 and 295.

4. Point out the injurious effects of any relief afforded to local taxation from the Consolidated Fund.

F. 612.

CHAPTER VII.

THE INCIDENCE OF LOCAL TAXATION.

1. In what way do the forms assumed by local and imperial taxation differ?

F. 614.

2. Trace the incidence and the probable economical effect of the following taxes:—

(1) Octroi duties on the entrance of provisions into towns.

(2) An 'ad valorem' tax on the sale of all commodities.

(3) A tax on sales of land.

(1) A. S. vol. ii. 499. M. 5. 5. 4.
(2) A. S. vol. ii. 498. M. 5. 5. 1.
(3) A. S. vol. ii. 453-60. M. 5. 5. 1.

3. Investigate the incidence of the following taxes or imposts:—

(1) House Duty.
(2) Income Tax.
(3) Malt Duty.
(4) Poor Rates.
(5) The Railway Passenger Duty.
(6) A License on Cabs.
(7) Local Rates imposed on agricultural land, manufactures, and private houses.
(8) The Coal Duty which is levied as a coal tax in

London and a few other places, bearing in mind some of the following purposes for which coal is used—(*α*) Household, (*β*) Manufacturing, (*γ*) Locomotive.

F. iv. 7. M. 5. 3-5. R. note to A. S. vol. ii. 475.

Note with reference to (5), that if the rates charged for passengers are already those most lucrative to the railway company (*i.e.* amount of fare × number of passengers − cost of conveyance = a maximum sum) it will be impossible for the railway company to throw the burden of the duty on the passengers.

4. What results follow from the fact that land suitable for the erection of residences is practically unlimited, and land suitable for the erection of business premises practically limited in quantity.

F. 621, seq. A. S. vol. ii. 432–440.

5. Point out the disadvantages to which the occupiers of houses are exposed by the practice of borrowing large sums on terminable annuities for local purposes.

F. 630.

APPENDIX I.

IS POLITICAL ECONOMY A SCIENCE?

In order to answer this question it is necessary to inquire, 1st. What is a Science? 2nd. What is Political Economy?

Definitions of the latter have already been given at the beginning of this volume.

It has been remarked that the word 'science' has been used in many senses, from, 'knowledge arranged and methodical' to 'certainty based on demonstration.' (*Guy*, Journal of Statistical Society, 1865).

For example the following definitions have been given by eminent scientific men and mental philosophers:—

'Science is the knowledge of many, orderly and methodically digested and arranged so as to become attainable by one.' (*Sir John Herschel*, Dis. on Nat. Phil. p. 18).

'Science is the consideration of all subjects, whether of a pure or a mixed nature, capable of being reduced to measurement and calculation.' (*Sedgwick*, Address to the British Association, 1833).

'A science is a complement of cognitions, having in point of form, the character of logical perfection, and in point of matter the character of real truth.' (*Sir W. Hamilton*, Lect. on Logic, ii. 2).

The late Professor Wall said that science might be roughly defined as 'any methodical system which traces an idea or law through the greatest possible variety of phenomena for the purpose of knowledge.' (MS. note of lecture taken in 1863.)

Whilst he defined art as 'any system which brings together multiplicity of knowledge for one effect.'

N.B. Science is not derived from, nor is it controllable by, the human will, and is objective.

Art is derived from and controllable by the human will, and is subjective.

Mill in his 'Essays on some Unsettled Questions in Pol. Econ.' lays it down that while arts must follow the classification by effects, sciences are most conveniently classified according to causes.

He does not recognise the distinction between speculative and practical science, so much insisted on by many earlier philosophers, and in this he is followed by Donisthorpe (Plutology, pp. 12, 49, 57), who regards 'Plutology' as a concrete speculative science, inductive in method and exact in results.

Mill, on the other hand, whilst regarding Political Economy as a science, maintains that its method is deductive, appeals being made to experience merely for the purpose of verification. His views are in substance as follows :—

'Political Economy is a branch of the science of speculative politics, and is concerned with man as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end. It predicts only such of the phenomena of the social state as take place in consequence of the pursuit of wealth. It makes entire abstraction of every other human passion or motive except those which may be regarded as perpetually antagonising principles to the desire of wealth, namely, aversion to labour, and the desire of the present enjoyment of costly indulgence. Other desires are only occasional, but these are constant impediments. Political Economy considers man as a being impelled by the necessity of his nature to prefer a greater portion of wealth to a smaller in all cases, without any other exception than that constituted by the two counter motives already specified, and endeavours to exhibit the course of action into which he would be (on this hypothesis) impelled.

In certain departments of human affairs the acquisition of

wealth is the main and acknowledged end, and Political Economy takes notice of these alone. Perturbations arising from other causes are then allowed for in particular cases. Sometimes those of great importance, e.g., the principle of population, are for convenience sake treated of under Political Economy itself, strict scientific accuracy being a little sacrificed. Just as geometry presupposes an arbitrary definition of a line—'that which has length without breadth,' so does Political Economy presuppose an arbitrary definition of man as 'a being who invariably does that by which he may obtain the greatest amount of necessaries, conveniences, and luxuries, with the smallest quantity of labour and physical self-denial with which they can be obtained in the existing state of knowledge.'

Due allowance must be made in the application of the science for the deviation of actual facts from the hypothesis. (Condensed from *Mill's* Essays on some Unsettled Questions in Pol. Econ.) Mill regards science as a body of truth, art as a body of rules.

Art is acquired by practice, science by study; and this fact may perhaps be of some service in enabling us to distinguish between art and practical science, whilst as to the distinction between speculative and practical science there is little to add to the dictum of Aristotle: *Θεωρητικῆς μὲν ἐπιστήμης τέλος ἀλήθεια, πρακτικῆς δ' ἔργον.* Metaph. A minor, c. i. In the one we know for the sake of knowing, in the other for the sake of doing. (But both alike are acquired by study).

A speculative science is a science the knowledge conveyed by which is considered as an end in itself, e.g. astronomy; for no one but a madman would think of regulating the courses of the planets.

A practical science is a science the knowledge conveyed by which is considered as a means to be applied to some further purpose, e.g., ethics; for no right-minded man will be satisfied with *knowing* what is the path of duty. He will endeavour to follow it.

But observe that the practical science of ethics is different from the art of education or of actually producing the habit of right action in the human subject.

It is evident that Adam Smith regarded Political Economy as a branch of the practical science of politics.

Professor Bonamy Price stands almost alone among writers on the subject in denying to Political Economy the character of a science. His elaborate argument on the subject will be found in the first chapter of his 'Practical Political Economy,' and although he does not there give any formal definition of 'science,' yet I am authorised by him to state that he regards the following (proposed by an eminent Oxford authority) as the best that has been suggested: 'Science is the affiliation of causes through common observation to something beyond.'

His argument is difficult to condense, but rests mainly on two points:—

1. The nature of the truths which are the subject of Political Economy.
2. The method by which they are elicited.

For (1) according to B. P. (p. 6), the mass of men never set themselves up as judges on matters of real science, while they think they understand the matters of which the economist treats better than he does.

(2, p. 11). That according to one of the latest and ablest of those who claim a scientific character for Political Economy (Mr. Lowe), it is a 'deductive and demonstrable science of *human actions*,' a combination impossible in the opinion of B. P.[1]; who objects not so much to the word 'Science,' as to the employment of *scientific method*, in politico-economic investigations. A *name* can do little harm, but the attempt to deck simple truth in the gorgeous array of the Calculus will appear jargon to the very persons whom it is most important to influence, if indeed Political Economy herself do not expire

[1] References to various authorities on the Method of Political Economy will be found in A. A. S. p. 61, n. 1. I may add that it is possible that whilst some sciences (like Mathematics) are deductive from the first, and others (such as Optics) after a very short inductive stage, others may require a long course of induction before we get the major premises from which to argue. Nay, a science may be first deductive, and when it has exhausted the consequences of all the majors ready to hand may become inductive, and after a period of induction again deductive.

beneath the load of words designed for her defence and ornament.

Mill, on the other hand, does not appear at all reluctant to recognise the existence of a deductive science of human nature itself. (Logic, vi. 3).

According to him 'Any facts are fitted, in themselves, to be a subject of science which follow one another according to constant laws; although those laws may not have been discovered, nor even be discoverable, by our existing resources.' (*Mill*, Logic, vi. 3. 1. See also vi. 5. 5.

Mill also remarks (Logic, vi. 5. 5) *ad fin.* that 'A science which possesses middle principles of this kind, arranged in the order, not of causes, but of the effects which it is desirable to produce or to prevent, is duly prepared to be the foundation of the corresponding art.' He thus appears to recognise not merely the existence of practical sciences but also that they are intermediate between the empirical and the scientific stages of art.

As before remarked, Mill regards the method of political economy as deductive of that particular kind which he terms the physical or concrete deductive. (Logic, vi. 9).

In this he is followed by Lalor (p. 131), who asserts that 'the true method of the science is first to trace the inferences flowing from certain premises, and then to compare those conclusions as to what must be with that which actually is, the fundamental assumption being, "As much wealth with as little sacrifice as possible."'

APPENDIX II.

IS POLITICAL ECONOMY SELFISH?

THE notion that the course pronounced by Political Economists to be most conducive to the wealth of a nation is necessarily a selfish course, or in other words a course which enriches the nation adopting it and impoverishes others, is due to forgetfulness of two universal principles :—1. That in voluntary contracts each party gains something which pleases him better than the article which he gives up. 2. That men arrived at years of discretion are usually better judges of their own interests and better able to manage their own affairs than other people to judge or to contract for them. Gross as the error is, it was almost universal before the days of Adam Smith, and deceived even Lord Bacon, who, in his fifteenth Essay, 'Of Seditions and Troubles,' remarks—

'It is likewise to be remembered that, forasmuch as the increase of any estate must be upon the foreigner (*for whatsoever is somewhere gotten is somewhere lost*), there be but three things which one nation selleth unto another,—the commodity as nature yieldeth it, the manufacture, and the vecture or carriage.' (*Lord Bacon's* Essays, p. 156, Whately's edition.)

The archbishop also points out in his note on the passage (which contains a keen and incisive refutation of the error), that the dictum of Lord Bacon is true in the particular case of gold and silver, the acquisition of which media of exchange, although it enriches the individual adventurer does not add to the total wealth of the world (p. 167).

Again, the demonstration by modern Political Economists that the interests of the consumer and those of the producer are in the long run similar, and so called 'protective' duties mere stimulants to the wasteful employment of capital, manifestly tends to do away with 'selfishness' in the proper sense of the word.

No doubt much verbal controversy has arisen from confusing 'self-love' with 'selfishness.'

'Selfishness exists only in reference to others, and could have no place in one who lived alone on a desert island, though he might have of course every degree of self-love; for selfishness is not an excess of self-love, and consists not in an over desire of happiness, but in placing your happiness in something which interferes with, or leaves you regardless of, that of others.

Nor are we to suppose that selfishness and want of feeling are either the same or inseparable. Some persons have very little feeling but feel for others nearly as much as for themselves. Others have very acute feelings, but feel for no one but themselves, and are sometimes amongst the most cruel.' (*Whately*, Notes to Bacon's Essays, p. 260).

It follows from this that so far is Political Economy from encouraging 'selfishness,' that the discovery of the truths which Political Economy sets forth, has (for the first time in history) rendered it POSSIBLE for men to trade without 'selfishness.' So long as men's views were bounded by the doctrines set forth in Lord Bacon's 'Essays,' or Stafford's 'Briefe Conceipte of English Policy,' every man or every nation which obtained a profit must have believed that it was obtained to the disadvantage of some other man or of some other nation; and by the unanimous judgment of moralists, any act which a man thinks wrong is a wrong act in HIM.

But now when it has been shown that the business even of the corn merchant and the bill-broker (once general objects of popular hatred as making a profit out of the distresses of mankind) is on the whole highly beneficial to society, the merchant who is at once thoughtful and conscientious can carry on his business without any fear lest he should injure the world at large in the process of honestly making a fortune.

Driven from the position that Political Economy leads men to be guilty of 'selfish' actions, its opponents often assert that it leads men to act from 'selfish' motives.[1]

If by 'selfish' motives they mean motives which *lead to* selfish actions, their argument is disposed of by what has been already said.

If by selfish motives they mean 'all motives which affect a man's self,' (and which urge him to seek relief by attaining the object wished) they forget that in this sense *all* motives are 'selfish.'

For every motive is a wish, and every wish (while ungratified) is a pain affecting a man's 'self,' no less when the wish is for the good of our neighbour than when it is for our own good.

If by 'selfish' motives they mean motives which have our own good for (at least their primary) object, the charge must be admitted to be true in fact, but really amounts to no charge at all unless those who bring it forward are prepared to maintain that *self-denial is essential to a virtuous action*, a proposition deemed by Bishop Butler too ridiculous to need refutation. (Analogy, chap. v.).

Indeed the benevolent (as opposed to the self-regarding) motives would be out of place in any theory of exchange, or in any practical science founded thereon. For whilst the benevolent motives constantly acting, but in various directions, upon the whole tend to produce equilibrium, the self-regarding motives constantly acting in one direction, tend to produce motion.

Bastiat 'On the Two Aphorisms' (Harmonies of Political Economy, chap. xii.) treats the whole subject with much acuteness, pointing out that it is as impossible to base commercial transactions on sympathy as to base family and friendly relations on self-interest.

The very attempt to alter the motive in commercial matters would be most pernicious, for to change the mainspring of

[1] A motive is defined by Austin (Jur. cap. 18) as 'A wish causing or preceding a volition, i.e. a wish for something not to be attained by wishing it, but which the party believes he shall probably or certainly attain, by means of those wishes which are styled "Acts of the Will."'

action in a few chosen spirits would be to create two classes—scoundrels whom you tempt to make victims of their fellow men, and the virtuous for whom the part of victims is reserved. On the other hand, the result from the endeavour of each person to better his condition is on the whole much superior to anything that could be expected from the most advanced and skilfully organised communism.

Again, if every individual neglected his own, in order to promote the interests of others, he would neglect objects with which he is well acquainted in order to forward objects of which he knows little. Consequently the interests of every individual would be managed unskilfully. And since the general good is an aggregate of individual enjoyments, the general good would diminish with the good of the individuals composing the public. (See *Austin* on Jurisprudence, lect. iv.).

N.B. Our reasons for *doing* an act, and our reasons for *allowing ourselves* to do an act, may be totally different.

Dumont in his paraphrase of Bentham on the 'Principles of the Civil Code,' chap. xi. (Hildreth's translation), is even more decided, saying, 'Some small societies, in the first effervescence of religious enthusiasm, have established the community of goods as a fundamental principle. So long as the religious impulse preserves its power, all labour but all groan. So soon as it begins to grow weak, the society divides into two classes; one composed of degraded fanatics, contracting all the vice of an unhappy superstition; the others lazy rogues, who are supported in a holy indolence by the dupes who surround them. The word "equality" becomes a mere pretext—a cover to the robbery which idleness perpetrates upon industry.

'Thus this absurd and unjust system would only be able to maintain itself by means of a political and religious slavery, such as that of the Helots at Lacedæmon, and the Indians of Paraguay in the establishments of the Jesuits. Sublime invention of legislators, which, to accomplish a plan of equality, makes two corresponding lots of good and of evil, and puts all the pain on one side and all the enjoyment on the other!'

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XVI.

FREE GOVERNMENT.—ARBITRARY GOVERNMENT.—TYRANNY.—DESPOTISM.—ANARCHY.

A FREE government is not a government in which liberty prevails, or in which there is an absence of inconvenient restraints and oppression on the part of the sovereign power; but a government in which there is a plurality of rulers, and fixed laws respected by the administrative authority.* A free government is thus opposed to an arbitrary or despotic government, such as the Roman, French, or Austrian empires. In this sense, Hume[1] opposes free states to absolute monarchies, and Rousseau speaks of 'the difference between *free* and *monarchical* states;'[2] *i.e.* between states where the sovereignty belongs

[1] 'The provinces of absolute monarchies are always better treated than those of free states.' Part i. Essay 3.

[2] *Contrat Social*, liv. iii. ch. 8. According to Sir James Mackintosh, 'as general security is enjoyed in very different degrees under different governments, those which guard it most perfectly, are by way of eminence called *free*. Such governments attain most completely the end which is common to all governments. A free constitution of government, and a good constitution of government, are therefore different expressions for the same idea.' *On the Law of Nature and Nations*, p. 60. However, one who thought with Hobbes that absolute monarchy is the best form of government, would probably not call *that* a free constitution. On the difference between free and despotic governments, see likewise Bentham's *Fragment on Government*, p. 113.*

* *Fixed laws respected by the administrative authority.* This condition is not recognised by Austin. Sir James FitzJames Stephen (*Liberty, Equality, and Fraternity*, p. 171), goes so far as to declare that 'democracy has, as such, no definite or assignable relation to liberty;' but this can hardly be admitted, for the reason given by Mr. James Mill in the passage quoted above (p. 100), which is almost conclusive for this purpose, though justly criticised by Sir G. C. Lewis on other grounds. An absolute despot will naturally put down whatever displeases him; a more numerous body are pretty sure to present variety in their likes and dislikes, so that the practices which they will agree to suppress or enforce, will, *ceteris paribus*, be comparatively few. It is true on the other side that the despot may be indifferent to practices very hateful to the majority, but which do not touch him personally.—W.

* And Austin's 6th Lecture (*Student's Austin*, p. 112). He says: 'They who distin-

CHAPTER V.

Of the real and nominal price of Commodities, or of their price in Labour, and their price in Money.

EVERY MAN IS RICH OR POOR ACCORDING TO THE DEGREE IN WHICH HE CAN AFFORD TO ENJOY THE NECESSARIES, CONVENIENCES, AND AMUSEMENTS OF LIFE; only a small part of which can be supplied by a man's own labour; the greater part must be derived from the labour of other people, and which he must purchase; hence labour is the real measure of the exchangeable value of all commodities, p. 30.

The **real price** *of everything is the* **toil and trouble** *of acquiring it.*[1] What is bought with money is purchased by labour, as much as what we acquire by the toil of our own body. The money saves us the toil, and contains the value of a certain quantity of labour. *Labour* was the *first* price, the *original purchase money*, that was paid for all things: by it all the wealth of the world was purchased, and its value is equal to the quantity of labour which it can command, p. 31.

'**WEALTH**,' as Hobbes says, '**IS POWER**,'[2] *i.e.*, it may afford a man the *means* of acquiring power, by giving him the command of other men's labour; and his fortune is greater or less according to the quantity of other men's labour which it enables him to command, p. 31.

Though **labour** be the **real measure** of the exchange-

[1] Adam Smith does not make any distinction here between value and price. Modern economists regard the latter as a particular case of the former. Observe that the toil and trouble of the acquirer may have been less than the toil and trouble of the producer. Value may be defined as 'The ratio in which commodities are exchanged against each other in the open market.' (Cairnes.) Therefore there can be no such thing as a general rise or fall in values.

[2] *Leviathan*, Part I. cap. x.

Rules for the creation of valid remainders.

1. There must be some particular estate precedent to the estate in remainder, (or)

Every estate in remainder requires a particular estate to support it.

2. The remainder must commence or pass out of the grantor at the time of the creation of the particular estate.

3. The remainder must vest in the grantee during the continuance of the particular estate, or eo instanti that it determines.

[These rules are based upon the feudal principle that an estate of freehold cannot be created to commence in futuro, but ought to take effect at once either in possession or remainder. The whole estate—*i.e.* the particular estate and the remainders—passes from the grantor to the grantees by the livery of seisin.

The above rules also imply another, that the feudal seisin must never be without an owner; thus in the case of a grant to A, for twenty years and one year after the end of such term to B, in fee, the remainder would be void on account of the feudal seisin reverting to the grantor after A's term.]

Remainders are also divided into—

I. Vested and **II. Contingent.**

Vested remainder. Definition.

I. '*If an estate, be it ever so small, be always ready from its commencement to its end to come into possession the moment the prior estates happen to determine, it is then termed a vested remainder.*'—*Will. R. P.* p. 245, 10th ed.

II. A contingent remainder is a future estate which waits for and depends on the termination of the estates

1856. 19 & 20 Vict. c. 108, s. 50. If the term of a tenant has determined, and the tenant refuses to deliver up possession, the landlord may enter a plaint in the County Court for recovery of possession. This is limited to cases where the rent does not exceed 50*l.* per annum. Ste. 296.

19 & 20 Vict. c. 120. *An Act to facilitate leases and Sales of settled estates.* [21 & 22 Vict. c. 77.]

(2) Chancery in certain cases authorized to permit leases for certain long terms, for agricultural, mining, and other purposes.

(5) Any lease granted under the Act may be surrendered to be renewed.

(11) The Court may authorize the sale of settled estates and the timber thereon.

(32) **Any person entitled to the possession of an estate for life under a settlement may demise the same for any term not exceeding twenty-one years, under certain conditions. Tenants by the courtesy and in dower may demise for twenty-one years.** Ste. 252, 253, 263, 266, 279, 288, 478.

1858. 21 & 22 Vict. c. 77. Act to amend the Settled Estates Act, 1856. Ste. 479.

21 & 22 Vict. c. 94. An Act to amend the Copyhold Acts. Ste. 224, 630, 642, 645.

1859. 22 & 23 Vict. c. 35. *An Act to further amend the law of Property.*

(1) A licence given to any lessee or assignee to extend only to the permission actually given.

(2) Restricted operation of partial licences.

(3) Assignee of part of reversion to have the

2. 'A persona in personam transcriptio.' When the sum which Titius owes me is entered in my journal as advanced to you (this substitution being of course made at the suggestion of Titius).

According to Theophilus the 'nomen transcriptitium' **always** effected a novation: 'Prior obligatio extinguebatur; nova autem, id est litterarum, nascebatur,' but the case related by Val. Maximus, viii. 2. 2, goes to prove that this was not always the case.

Gaius tells us that it was questioned whether aliens were bound by this contract or not, because such an obligation belonged to the civil law.

Sabinus and Cassius held that in the case of a 'transcriptitio a re in personam' even aliens were bound.

'These literal contracts . . . . seem never to have had any great importance. They remained in use for the mutual transactions of the "argentarii" (or brokers), long after they had become obsolete for other persons. But before the time of Justinian they had disappeared altogether. In the Corpus Juris there is no literal contract, properly so called, no use of writing as the formal ground of an obligation. That some formal ground was necessary, that a mere informal agreement of two persons was not sufficient to establish a full legal obligation, was the general principle of the Roman law, though subject to some ancient and important exceptions.'—Hadley's 'Introduction to Roman Law,' pp. 216, 217.

'In the Literal or Written Contract, the formal act by which an obligation was superinduced on the convention, was an entry of the sum due, where it could be specifically ascertained, on the debit side of a ledger. The explanation of this contract turns on a point of Roman domestic manners, the systematic character and exceeding regularity of book-keeping in ancient times. There are several minor difficulties of old Roman Law, as, for example, the nature of the Slave's Peculium, which are only

4. Write out in full :—

Imper. mood of *fero.*	Imper. mood of εἶμι.
Imperf. subj. of *patior.*	Pres. opt. pass. of σιγάω.
Perf. indic. of *absum.*	1st aor. imper. mid. of σημαίνω
Fut. perf. of *proficiscor.*	Fut. ind. act. of μένω.
Pres. subj. of *dignor.*	Paulo-post fut. of λέγω.

5. Give instances in both Greek and Latin of *De monstrative, Interrogative, Possessive,* and *Reflexive* Pronouns; and give the meaning of *quidam, quisquam, quis quis, quisque, quis*; and of πόσος, ποῖος, πότερος, τόσος οἷος, ὅσος, ὅστις.

6. Illustrate by examples the cases governed by *doni gaudeo, credo, doceo, obliviscor,*—τυγχάνω, ἔπομαι, ποιεῖν ἀκούω, ἔχω.

7. What is meant by *ablative absolute, apposition, attraction, contraction, cognate accusative?*

8. Illustrate by examples the meaning of, and cases governed by, *ante, circa, ab, super, prae,*—ἐπί, ἀντί, μετά, ἀπό, πρός.

9. Distinguish—

si velit, si vellet.	ὁ αὐτὸς ἀνήρ, αὐτὸς ὁ ἀνήρ.
ejus caput, suum caput.	ἄλλα, ἀλλά.
metuit te, metuit tibi.	ἡ, ἤ, ᾗ ᾖ.
nobis interest, nostrâ interest.	ἔστησε, ἕστηκε.
amatum iri, amandum esse.	ἵνα βλέψεις, ἵνα βλέψῃς.

10. Translate into Latin :—

(*a*) He said he would come whenever he was wanted

(*b*) He said, I will come whenever I am wanted.

(*c*) He sold the house for as much as he expected.

(*d*) He exhorted his soldiers not to lose the opportunity of freeing their country.

(*e*) The first Consuls were elected at Rome in the two hundred and forty-fifth year after the building of the city.

4. 'The principal cause of phonetic degeneracy in language is when people shrink from the effort of articulating each consonant and vowel.'

Are there any phenomena of phonetic change which cannot be fully explained in this way?

5. Apply the principles of comparative philology to an examination of the following words:—*ἄρκτος, βάρβαρος, γίγνομαι, δαήρ, δέσποινα, εἰμί, ἥλιος, ἧπαρ, ἵππος, μοῖρα, ὀστέον, πίπτω, ποῖος, ὕβρις, ὕπνος.*

6. Trace the decay of the Latin diphthongs.

7. Explain the various ways in which the perfect tense is formed in Latin. Illustrate from Greek.

8. By what arguments has the existence of the digamma been established? In what authors are traces of its use to be found?

No. XIII.

1. What is the locative case?

2. Analyse the forms *amaverimus, lapidum, alicubi.*

3. Explain the formation of *calumnia, convicium, drachuma, facilumed, sepulcrum, stolidus, Vertumnus, auctumnus.*

4. Give some account of the formation of adverbs.

5. Explain, with instances, Anacoluthon, Zeugma, Pleonasm, Irony.

6. Translate the following sentences, so as to show the meanings of the middle voice:—

(1) *πᾶν σοι φράσω τἀληθὲς οὐδὲ κρυψομαι.*

(2) *καὶ ὁ μὲν ἐδίκαζε, ἡμεῖς δ' ἐδικαζόμεθα· καὶ ὁ μὲν ἐπεψήφιζε, ἡμεῖς δ' ἐψηφιζόμεθα· καὶ ὁ μὲν ἔλεξε ἡμεῖς δὲ διελεγόμεθα.*

2. Trace the establishment of the Roman rule over Italy, *or* over Spain, Gaul, and England.

3. What was the nature and value of the influence of the Papacy when at its height?

4. Estimate the importance in European history of the Edict of Nantes and its Revocation.

5. What changes in the boundaries of European states would be introduced by adopting the principle of Nationalities?

6. What do you know of any *three* of the following: —Themistocles, Demosthenes the Orator, Pyrrhus the Epirot, Q. Fabius Maximus Cunctator, Herod the Great, Agricola, Charlemagne, Hildebrand, Francis Bacon, Grotius, Burke?

7. Sketch briefly, fixing as many dates as you can, any *two* of the following:

(*a*) The Wars between Greece and Persia.
(*b*) The Crusades.
(*c*) The fifteenth and sixteenth centuries as an age of discovery.
(*d*) The Thirty Years' War.
(*e*) The French Revolution and the First Empire.

CXX.

1. Trace the territorial increase of Prussia, since it became a kingdom. What are its claims, apart from the sword, to the first place in Germany?

2. 'It is the tendency of every nation to depreciate the share of its allies in any common achievement.' Illustrate from the military history of Rome and of England.

3. The most effective national boundaries under various conditions of civilisation.

4. A bankrupt pays 5*s.* 9*d.* in the pound ; if his assets were 500*l.* more, he would pay 6*s.* 5*d.*: what are his assets and his debts?

5. Find the present worth of 122*l.* 16*s.* due 7 months hence at 4 per cent.

6. Potatoes are bought at 10½*d.* the stone, and have to pay a duty of 1*l.* the ton ; if they are sold at 1½*d.* the lb., what is the profit per cent. ?

7. Find the compound interest on 5000*l.* for 4 years at 5 per cent.

8. Find the value of 3840 articles at 19*s.* 11¾*d.* each. Three purchasers divide them in the proportion of 3, 4, 5 : what will each pay?

9. Extract the square root of ·196, $3\frac{2}{3} - 1\frac{8}{9}$.

10. I sell out 12500*l.* from the Three per Cents. at 96 ; I invest one-third of the proceeds in Egyptian Six per Cent. Bonds at 125, and the remainder in land which yields 2¼ per cent. net. What is my difference in income?

11. What quantity of Turkey carpet is required for a room 20 feet 4 inches long, and 18 feet 8 inches broad, allowing a margin of 2 feet 8 inches all round? Find also the number of tiles each 8 inches by 4 which will be needed to fill this margin.

XXVII.

1. Find by Practice the cost of 4 cwt. 2 qrs. 12 lbs. at 4*l.* 13*s.* 4*d.* per quarter.

2. Reduce $\frac{3}{7}$ of 1*d.* to the fraction of 17*s.* 6*d.*; and find what fraction 6 oz. 15 dwt. is of a lb. Troy.

3. Simplify :

(1) $\dfrac{7}{1 - \dfrac{2}{3 \quad \frac{3}{4}}}$; (2) $\left\{ \dfrac{3\frac{1}{3}}{7} + \dfrac{2}{10\frac{1}{2}} - \left(\dfrac{5}{1\,8} \text{ of } \dfrac{4}{7}\right) \right\} + \dfrac{4}{7}$

10. 'So that, in process of time, copyhold tenure must disappear from our present modes of holding land.' Explain this historically.

Ste. 645. Williams 356–358.

11. Trace and account for the gradual conversion of strictly servile occupation into certain and heritable tenure.

Ste. 214 *et seq.* Williams R. P. 336–339. Digby 41 *et seq.*, 109, 213–222.

CHAPTER XVIII.

INCORPOREAL HEREDITAMENTS.

(Stephen's 'Commentaries,' 647–693, 7th ed.; 666–712, 6th ed.)

1. Distinguish carefully between a corporeal and incorporeal hereditament, and comment on the principle adopted as the basis of division.

Ste. 647. Austin 372, 708. Williams 10. Digby 229.

2. 'In the transfer of incorporeal property, when alone and self-existent, formerly lay the distinction between it and corporeal property.' Explain this.

Williams 11, 231. Ste. 511. Digby 128, 331 (7), 328 (4).

3. Define an easement, and distinguish easements from profits. Is a right to draw off water from a well *in alieno solo* a profit or an easement?

Ste. 648. *Race* v. *Ward*, 4 Ell. and Bl. 702. Goddard on 'Easements' 1, 2. Digby 127.

4. Sketch the history, and give an outline of the leading principles, of the law relating to rights of common.

Digby 134–137. Ste. 649–657. Lord Hatherley in *Warrick* v. *Queen's College*, L. R. 6 Chan. App. 720. Maine's 'Village Communities' 85 *et seq.* Elton's 'Law of Commons' ch.

endeared himself both to the soldiers and the general, and, on Hasdrubal's death, was unanimously elected to the chief command.[1]

4. Hannibal's character. Fearless, yet prudent in danger; powerful in body and active in mind; careful of his soldiers, and strict in discipline, Hannibal possessed all the qualities of a great commander. He was moderate, nay abstemious in his bodily habits, modest in dress, and only conspicuous for his arms and horses. By sharing every danger with the meanest soldier, he endeared himself to his men: and he was always the first to enter the fight, and the last to leave it. Livy is rather liberal to him on the score of vices: here they are—inhumana crudelitas, perfidia plus quam Punica,[2] nihil veri, nihil sancti, nullus deûm metus, nullum jusjurandum, nulla religio—no conscience at all.

5. WAR BEGINS IN SPAIN, B.C. 220.—Hannibal, with a view of causing the Romans to take up arms, determines to attack the Saguntines—a people by treaty[3] independent both of

[1] *Prærogativam militarem.*] The tribe which voted first in a Roman election was called prærogativa (præ and rogo) and it generally carried the votes of the tribes which followed it; for it was chosen by lot, and the lot was supposed to be under the especial care of the gods. On the whole subject of Comitia, vide *Dictionary of Antiquities*, s. v.

[2] *Punica fides.*] A proverbial expression among the Romans for 'bad faith.' They were not much better than the Carthaginians themselves. With regard also to the charge of cruelty, Livy does not bring forward throughout his book a sufficient number of instances to justify it: and though Hannibal is charged in the same way by other historians, it is very doubtful if their accounts are authentic. Livy does not call the treacherous massacre of 2,000 Capuans by Marcellus cruel!

[3] For an account of this treaty, see p. 9, note.

'e cetero senatu'—to remedy the existing anomalies in the law; and this commission was 'modicum in præsens levamentum.']

29. Nero, one of the sons of Germanicus, now entering on manhood, was commended to the Senate by Tiberius; who obtained for him relief from the vigintiviratus,[1] and that he should be a candidate for the prætorship five years before the legal period: 'non sine irrisu audientium.' 'Additur Pontificatus.' He was soon after married to Julia, daughter of Drusus, an event which gave as much joy as the engagement of Sejanus' daughter to the son of Claudius did displeasure.

Honours of Nero, son of Germanicus.

30. L. Volusius and C. Sallustius Crispus died at the end of the year. The first, of an old family, but never hitherto 'prætūram egressa,' had lent honour to it by having been Consul and one of the Triumvirate 'legendis equitum decuriis.'[2] The second, a grand-nephew of the historian, by whom he had been adopted, was of an equestrian family; and though well able to have attained the highest honours, had preferred to imitate Mæcenas, and 'sine dignitate Senatoriâ multos triumphalium consulariumque potentia anteire.' He was a man of great ability, and after the death of Mæcenas was 'præcipuus cui secreta imperatorum inniterentur,'—e.g. he was 'interficiendi Postumi Agrippæ conscius.'

Sallustius Crispus.

A.D. 21. 31. Corbulo and Sulla.

Tiberius IV. Drusus II. Consuls, 'patrisque atque filii collegio annus insignis.' Tiberius retreated to Campania.[3] Drusus found an opportunity of gaining popularity by composing the quarrel between Domitius Corbulo, 'prætūrâ

[1] The Vigintiviratus was a kind of Police-board, which had charge of the mint, of the mending of streets, of crimes ending in mortal violence, &c.

[2] This power, 'recognoscendi turmas equitum, was transferred by Augustus to a Triumviratus.

[3] Tacitus says—'Longam et continuam absentiam paulatim meditans, sive ut amoto patre Drusus munia consulatûs solus impleret.'

and the other less, erroneous: and, therefore, since to hit exactly on the mean is difficult, one must take the least of the evils as the safest plan;[1] and this a man will be doing if he follows this method.

Natural bias to be taken into account.

We ought also to take into consideration our own natural bias; which varies in each man's case and will be ascertained from the pleasure and pain arising in us. Furthermore, we should force ourselves off in the contrary direction, because we shall find ourselves in the mean after we have removed ourselves far from the wrong side, exactly as men do in straightening bent timber.[2]

And especially the universal bias towards pleasure.

But in all cases we must guard most carefully against what is pleasant, and pleasure itself because we are not impartial judges of it.

We ought to feel in fact towards pleasure as did the old counsellors towards Helen, and in all cases pronounce a similar sentence: for so by sending it away from us we shall err the less.[3]

Well, to speak very briefly, these are the precautions by adopting which we shall be best able to attain the mean.

[1] 'Δεύτερος πλοῦς is a proverb,' says the Scholiast on the Phædo, 'used of those who do any thing safely and cautiously, inasmuch as they who have miscarried in their first voyage, set about their preparations for the second cautiously;' and he then alludes to this passage.

[2] That is, you must allow for the *recoil*.

'Naturam expellas furca tamen usque recurret.'

[3] This illustration sets in so clear a light the doctrines entertained respectively by Aristotle, Eudoxus, and the Stoics, regarding pleasure, that it is worth while to go into it fully.

The reference is to Iliad iii. 154–160. The old counsellors, as Helen comes upon the city wall, acknowledge her surpassing beauty, and have no difficulty in understanding how both nations should have incurred such suffering for her sake: still, fair as she is, home she must go that she bring not ruin on themselves and their posterity.

This exactly represents Aristotle's relation to Pleasure: he does not, with Eudoxus and his followers, exalt it into the Summum Bonum (as Paris would risk all for Helen), nor does he with the Stoics call it wholly evil (as Hector might have said that the woes Helen had caused had 'banished all the beauty from her cheek'), but, with the aged counsellors, admits its charms, but aware of their dangerousness resolves to deny himself; he 'Feels her sweetness, yet defies her thrall.'

evidence, all subordinate to them by means of others), whenever we try to show on its own evidence that which is not self-evident, then we beg the question. . . .

Prior Analytics II. 23, §§ 1–4.

65. How then terms are related to one another, in respect of conversions, and the being more eligible or more to be avoided, is manifest. We ought now to state that not only are demonstrative and dialectical syllogisms formed by the figures described above, but rhetorical syllogisms also, and generally speaking all belief whatever, and belief arrived at by whatever method. For we arrive at all our beliefs either by syllogism or from induction.

Induction then, and the inductive syllogism, is to prove the major term of the middle [1] by means of the minor; for instance, if B is the middle of the terms during Cæsar's absence at Alexandria, and without his

[1] The *middle term* in this description seems to mean the term which is such in extent. The major is the most general of the three, and is proved of the middle by examining the minor, which consists of all the individuals that compose the middle. We must make sure whether our minor term does include all the individuals of the middle—*εἰ ἀντιστρέφει τὸ Γ τῷ Β καὶ μὴ ὑπερτείνει τὸ μέσον*—if we are to have a valid *induction*, as Aristotle understands the word. It is clear that such an induction can easily be put into syllogistic form:—

All men, horses, and mules are long-lived,
All the gall-less animals are men, horses, and mules;
∴ All gall-less animals are long-lived.

Many logicians regard this induction as the only perfect type; but Mill's idea of induction is not the same as Aristotle's: he examines *some* of the individuals composing the middle, and endeavours to lay down canons, which will enable us rightly to infer the 'major of the middle by the minor,' though it is not so convertible with the middle—is only a part of the middle.

knowledge, he was appointed master of the horse through the influence of the dictator's friends. Then he considered that in virtue of his office he might fairly live with Hippias,[1] and give the tribute horses to the *mimic* actor Sergius. At that time he had selected as his place of residence, not the house which he has at present such difficulty in retaining, but that of Marcus Piso. But why should I dwell upon his decrees, his robberies, the inheritances which he gave to his adherents, or seized from their lawful owners? It was want of money which compelled him; he knew not where to turn his steps; he had not yet received his large inheritance from Lucius Rubrius, or Lucius Turselius; he had not yet succeeded as heir with such rapidity to the property of Pompeius and many others who were abroad. His only chance of living was in robber-fashion—to have whatever he could steal.

But all this we may pass over, as betokening a hardier kind of villany: let us speak rather of the most degrading class of his misdemeanours. With your capacious swallow, your vast stomach, your gladiator-like strength of frame, you had consumed such quantities of wine at the marriage-feast of Hippias, that you could not help puking on the following day in the presence of the Roman people. It was a thing to make one blush at hearing it, to say nothing of beholding it. If it had happened to you at supper in the midst of your enormous draughts, who could fail to think it scandalous? But he, in an assembly of the people of Rome, in the midst of public business, being master of the horse, who might not even belch without disgrace, actually filled his own lap and the whole tribunal with the fragments, reeking with wine, of what he had eaten over night. But this he confesses himself to be one of the things of which he is ashamed: let us proceed to his more noble acts.

Cæsar returned from Alexandria, happy in his own

[1] The play on the word Hippias, derived from ἵππος, a horse, is untranslatable.

races also undoubtedly have the same origin, especially the Raeti, whom their very country has rendered savage, so that they retain nothing of their ancient [customs][1] except the sound of their language, and not even that uncorrupted.

Of the passage of the Gauls into Italy we are told this: in the reign of Tarquinius Priscus[2] at Rome, the supreme government of the Celts,[3] who form the third part of Gaul,[4] was in the hands of the Bituriges; they gave a king to the Celtic nation.[5] This was Ambigatus, a man greatly distinguished[6] by his merit and good fortune both private and public, for in his reign Gaul was so productive both in fruits of the earth and in men that the overflowing population seemed hardly capable of being governed. He being now himself of a great age, and desiring to relieve his kingdom of the too-oppressive multitude, declared that he would send his sister's sons, Bellovesus and Segovesus, two enterprising young men, to whatever settlements the gods should grant[7] them by augury; let them encourage[8] as great a number of men as they pleased to go with them, so that no nation might be able to resist them in their progress. Then the Hercynian forests[9] were assigned by the lots[10] to Segovesus; to Bellovesus the gods granted the much more pleasant route into Italy. He 34.

[1] *Ex antiquo* [*more*].

[2] *Regnante*: B.C. 616–578, A.U.C. 147–185.

[3] See Appendix.

[4] *Quae pars Galliae tertia est*: for the grammar, *cf.* p. 40, n. 7: for the fact, Caes. *B.G.* I. i. 1.: 'Gallia est omnis divisa in partes tres, quarum unam incolunt Belgae, aliam Aquitani, tertiam qui ipsorum lingua Celtae, nostra Galli, appellantur.'

[5] *Celtico*: *cf.* τὸ Περσικόν, &c.

[6] *Praepollens*: *cf.* 'praepotente,' last ch.

[7] *In quas dedissent sedes*: *i.e. in eas sedes, quas.* *Cf.* i. 38, 'haec de priscis Latinis aut qui ad Latinos defecerant capta oppida;' xxix. 6, 'ut mos est qui diu absunt;' xxxi. 41, 'caesi captique quos equites ab agmine fugientium interclusere.'

[8] *Excirent*: p. 39, n. 4. *Qua*: p. 17, n. 2.

[9] *Hercynii saltus* or 'Hercynia silva:' described by Caesar, *B.G.* vi. 25: it was nine days' journey wide and sixty long. It is now called the Black Forest. *Saltus* is a woody glen, but sometimes, as here, hardly means more than 'forest.'

[10] *Sortibus*: p. 47, n. 8.

advancing line. Nothing could stop that astonishing infantry. No sudden burst of undisciplined valour, no nervous enthusiasm weakened the stability of their order; their flashing eyes were bent on the dark columns in their front, their measured tread shook the ground, their dreadful volleys swept away the head of every formation, their deafening shouts overpowered the dissonant cries that broke from all parts of the tumultuous crowd as, slowly and with a horrid carnage, it was pushed by the incessant vigour of the attack to the farthest edge of the height. There the French reserve mixed with the struggling multitude, and endeavoured to sustain the fight; but the effort only increased the irremediable confusion; the mighty mass gave way, and like a loosened cliff went headlong down the steep; the rain flowed after in streams discoloured with blood, and eighteen hundred unwounded men, the remnant of six thousand unconquerable British soldiers, stood triumphant on the fatal hill.

192. To the Earl of Chesterfield.—7th January, 1755.—Seven years, my Lord, have now passed, since I waited in your outward rooms, or was repulsed from your door; during which time I have been pushing on my work through difficulties of which it is useless to complain, and have brought it at last to the verge of publication without one act of assistance, one word of encouragement, or one smile of favour. The shepherd in Virgil grew at last acquainted with love, and found him a native of the rocks. Is not a patron, my Lord, one who looks with unconcern on a man struggling for life in the water, and, when he has reached ground

4. It is used in sentences which imply iteration or indefinite frequency.

5. It is the mood of subordinate clauses in Oratio Obliqua.

CONSECUTION OF TENSES, CLAUSES ETC.

1. Primary tenses follow Primary, and Historical follow Historical.

2. The Primary tenses are Present, Future, Perfect
Historical tenses are Pluperfect, Aorist.

N.B. The Perfect Indefinite or Perfect without *have* in Latin is equivalent to the Greek Aorist.

3. The Optative mood in Greek supplies the Historical tenses of the Subjunctive; i.e. all the optative tenses are historical, all the subjunctive primary.

N.B. The three marks of a historical tense in Greek are: 1. Augment; 2. Dual in -ην; 3. Third person sing. and plur. of middle and passive in -ο. Of these marks the optative has the two latter.

4. A wish may be expressed in Greek by pure optative, or with ὄφελον etc.; in Latin by *utinam* etc., with subjunctive, or rarely by subjunctive alone.

Conditional Clauses.

The following are the more ordinary types.

I. Possibility, i.e. when the condition is assumed.

εἰ τοῦτο λέγεις, ἁμαρτάνεις
Si hoc dicis, erras
} *If you say this, you err*

εἰ τοῦτο λέγεις, ἁμαρτήσει
Si hoc dices, errabis
} *If you say this, you will err*

II. Slight Probability, i.e. when there is a slight reason to expect the fulfilment of the condition.

ἐὰν τοῦτο λέγῃς, ἁμαρτήσει
Si hoc dicas, errabis
} *If you say this, you will err*

ἐὰν τοῦτο λέξῃς, ἁμαρτάνεις
Si hoc dicas, erras
} *If you say this, you err*

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